

122nd Legislature LD 468 HP0343

Appropriations and Financial Affairs

Original Title: An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds, and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2006 and June 30, 2007. New Title: An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds, and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2005, June 30, 2006 and June 30, 2007. (GOVERNOR'S BILL). **Presented By:** Representative BRANNIGAN of Portland. **Public Hearing:** 02/16/05. Majority (OTP-AM) Accepted 03/30/05. Amended by: CA (Changed Title) H-35, SV/CA S-56. **Final Disposition:** Enacted, Signed 03/31/05, PUBLIC LAWS, Chapter 12.

LAWS
OF THE
STATE OF MAINE

AS PASSED BY THE

ONE HUNDRED AND TWENTY-SECOND LEGISLATURE

FIRST REGULAR SESSION
December 1, 2004 to March 30, 2005

FIRST SPECIAL SESSION
April 4, 2005 to June 18, 2005

THE GENERAL EFFECTIVE DATE FOR
FIRST REGULAR SESSION
NON-EMERGENCY LAWS IS
JUNE 29, 2005

THE GENERAL EFFECTIVE DATE FOR
FIRST SPECIAL SESSION
NON-EMERGENCY LAWS IS
SEPTEMBER 17, 2005

PUBLISHED BY THE REVISOR OF STATUTES
IN ACCORDANCE WITH MAINE REVISED STATUTES ANNOTATED,
TITLE 3, SECTION 163-A, SUBSECTION 4.

Penmor Lithographers
Lewiston, Maine
2005

- B. A consent agreement has been executed; or
- C. A letter of dismissal has been issued or the investigation has otherwise been closed.

Emergency clause. In view of the emergency cited in the preamble, this Act takes effect when approved.

Effective March 31, 2005.

CHAPTER 12

H.P. 343 - L.D. 468

An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds, and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2005, June 30, 2006 and June 30, 2007

Be it enacted by the People of the State of Maine as follows:

PART A

Sec. A-1. Appropriations and allocations. In order to provide for the necessary expenditures of State Government and other purposes for the fiscal years ending June 30, 2006 and June 30, 2007, the following sums as designated in the following tabulations are appropriated or allocated out of any money not otherwise appropriated or allocated. Any Highway Fund allocations appearing in this Part that are specifically allocated in another act are included in this Part for informational purposes only, as are enterprise accounts, exclusive of the State Lottery Fund.

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

OFFICE OF THE COMMISSIONER – ADMINISTRATIVE AND FINANCIAL SVCS 0718

GENERAL FUND	2005-06	2006-07
POSITIONS -		
LEGISLATIVE COUNT	3,000	3,000
Personal Services	\$323,866	\$337,579
All Other	\$25,196	\$25,583
GENERAL FUND TOTAL	\$349,062	\$363,162

BUDGET - BUREAU OF THE 0055

GENERAL FUND	2005-06	2006-07
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POSITIONS -		
LEGISLATIVE COUNT	12,000	12,000
Personal Services	\$1,015,684	\$1,049,799
All Other	\$87,412	\$90,135

GENERAL FUND TOTAL	\$1,103,096	\$1,139,934
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HIGHWAY FUND 2005-06 2006-07

POSITIONS -		
LEGISLATIVE COUNT	1,000	1,000
Personal Services	\$76,740	\$82,233
All Other	\$8,219	\$8,350

HIGHWAY FUND TOTAL	\$84,959	\$90,583
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STATE CONTROLLER - OFFICE OF THE 0056

GENERAL FUND 2005-06 2006-07

POSITIONS -		
LEGISLATIVE COUNT	25,000	25,000
Personal Services	\$1,775,962	\$1,842,902
All Other	\$239,755	\$241,610

GENERAL FUND TOTAL	\$2,015,717	\$2,084,512
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OTHER SPECIAL REVENUE FUNDS 2005-06 2006-07

All Other	\$1,000	\$1,000
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OTHER SPECIAL REVENUE FUNDS TOTAL	\$1,000	\$1,000
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STATE CONTROLLER - OFFICE OF THE - SYSTEMS PROJECT 0058

GENERAL FUND 2005-06 2006-07		
All Other	\$4,119,486	\$3,939,076

GENERAL FUND TOTAL	\$4,119,486	\$3,939,076
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OTHER SPECIAL REVENUE FUNDS 2005-06 2006-07

All Other	\$5,000	\$0
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OTHER SPECIAL REVENUE FUNDS TOTAL	\$5,000	\$0
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FINANCIAL AND PERSONNEL SERVICES - DIVISION OF 0713

GENERAL FUND 2005-06 2006-07

POSITIONS -		
LEGISLATIVE COUNT	15,000	15,000
Personal Services	\$925,913	\$969,939
All Other	\$100,202	\$101,341

GENERAL FUND TOTAL	\$1,026,115	\$1,071,280
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OTHER SPECIAL REVENUE FUNDS 2005-06 2006-07

POSITIONS -		
LEGISLATIVE COUNT	27,000	27,000
Personal Services	\$1,545,690	\$1,619,662
All Other	\$405,697	\$415,839

OTHER SPECIAL REVENUE FUNDS TOTAL	\$1,951,387	\$2,035,501
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1. Application process; license fees. An applicant for an annual retail tobacco license shall file an application in the form required by the department. The department shall make provisions for applications under this section. The fee for a retail tobacco license is \$50 annually must be determined annually by the department by rulemaking. The applicant shall enclose the fee with the application for the license. Rules adopted pursuant to this section are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

Sec. TT-2. Tobacco fee calculation and revenue requirements. Beginning July 1, 2005, the Department of Health and Human Services shall implement a sliding-scale license fee based on the relative size of retail tobacco licensees. In determining the sliding-scale license fee, the department may rely on a number of measures of the relative size of the licensee, including, but not limited to: total sales, total cigarette sales, total square footage of the retail establishment and the relative size of the retailer's cigarette display. The sliding-scale license fees assessed under this Part must generate total revenues per year no less than the revenues that would be generated by a \$100 flat annual fee applied to all retail tobacco licensees.

PART UU

Sec. UU-1. 20-A MRSA §15671, sub-§6, as amended by PL 2005, c. 2, Pt. D, §33 and affected by §§72 and 73, is further amended to read:

6. Targeted funds. Funds for technology, assessment and the costs of additional investments in educating children in kindergarten to grade 2 as described in section 15681 must be provided as targeted grants allocations. School administrative units shall submit a plan for the use of these funds and shall receive funding based on approval of the plan by the commissioner.

Sec. UU-2. 20-A MRSA §15675, sub-§1, as amended by PL 2005, c. 2, Pt. D, §38 and affected by §§72 and 73, is further amended to read:

1. Limited English proficiency students. The additional weights for school administrative units with limited English proficiency students are as follows:

- A. For a school administrative unit with 15 or fewer limited English proficiency students, the unit receives an additional weight of .50 per student;
- B. For a school administrative unit with more than 15 and fewer than 251 limited English proficiency students, the unit receives an additional weight of .30 per student; and

C. For a school administrative unit with 251 or more limited English proficiency students, the unit receives an additional weight of .60 per student; and

D. Notwithstanding paragraphs A, B and C and for fiscal year 2005-06 only, a school administrative unit that receives an allocation for limited English proficiency students and that has more than 15 and fewer than 26 limited English proficiency students is eligible for an adjustment to its allocation for limited English proficiency students that is the difference between the amount that the school unit would have received under the calculation described in paragraph B and the amount that is calculated when the school unit receives for the first 15 students a weight of .50 instead of .30 as otherwise required under paragraph B. This paragraph is repealed June 30, 2006.

Eligibility for state funds under this subsection is limited to school administrative units that are providing services to limited English proficient proficiency students through programs approved by the department.

Sec. UU-3. 20-A MRSA §15681-A, sub-§3, as enacted by PL 2005, c. 2, Pt. D, §44 and affected by §§72 and 73, is amended to read:

3. Transportation costs. For fiscal year 2005-06, the commissioner, using information provided by a statewide education policy research institute, shall establish a per-pupil transportation cost for each school administrative unit based on an analysis of the most recent year's reported transportation expenditures and a predicted per-pupil transportation cost based on the number of resident pupils, the number of miles of Class 1 to Class 5 roads in the school administrative unit and any approved adjustments. In fiscal year 2005-06 the established per-pupil transportation cost for each school administrative unit is the most recent year's reported transportation expenditures or predicted per-pupil transportation cost, plus 10%, whichever is lower. Beginning in fiscal year 2006-07, and for each subsequent fiscal year, the per-pupil transportation costs for each school administrative unit are its established costs for the most recent year adjusted by the Consumer Price Index or other comparable index. For fiscal years 2005-06 and 2006-07, in no case may the per-pupil transportation costs for a school administrative unit be less than 75% of the established costs for the most recent fiscal year, except that for fiscal year 2005-06 only the per-pupil transportation costs for a school administrative district or a community school district that has more than 1,250 resident pupils in the school district may not be less than 90% of the established costs for the most recent fiscal year. Every 3 years, the commissioner,

using information provided by a statewide education policy research institute, shall examine and may adjust reported transportation expenditures and predicted transportation costs. The commissioner shall develop an appeals procedure for established per-pupil transportation costs for school administrative units;

Sec. UU-4. 20-A MRSA §15686, sub-§1, as enacted by PL 2005, c. 2, Pt. D, §52 and affected by §§72 and 73, is repealed and the following enacted in its place:

1. Adjustment in fiscal year 2005-06. A school administrative unit is eligible for a transition adjustment in fiscal year 2005-06 according to the provisions of this subsection.

A. A school administrative unit is eligible to receive a transition adjustment in fiscal year 2005-06 if the school administrative unit's state share of the total allocation, including the debt service adjustment pursuant to section 15689, subsection 2, and the minimum state share of its total allocation pursuant to section 15689, subsection 1 is less than the fiscal year 2004-05 state share of its total allocation, including the minimum state share of its total allocation pursuant to former section 15689, subsection 1 and the adjustment for geographic isolation pursuant to section 15612, subsection 2. The state share adjustment is an amount equal to that difference less the losses due to reduced expenditures for buses, debt service, special education, gifted and talented education and vocational education.

(1) A school administrative unit that meets the criteria under this paragraph is eligible to receive no less than a 5% transition adjustment in fiscal year 2005-06 if the school administrative unit operates an elementary or secondary school and also has a student count of less than 1,000.

(2) A school administrative unit that meets the criteria under this paragraph is eligible to receive no less than a 2.5% transition adjustment in fiscal year 2005-06 if the school administrative unit operates an elementary or secondary school and also has a student count of 1,000 or more.

B. A small school administrative unit is eligible to receive a transition adjustment in fiscal year 2005-06 if the school administrative unit operates an elementary or secondary school, raises the maximum local cost share expectation pursuant to section 15671-A and also has a student count of less than 500. A school administrative unit that meets these criteria is eligible to receive 86% instead of 84% of the base total calculated

pursuant to section 15683, subsection 2 in fiscal year 2005-06.

Sec. UU-5. Fund for the Efficient Delivery of Educational Services; grant program for cost-effective small schools. In developing the implementation plan for the Fund for Efficient Delivery of Educational Services as required pursuant to Public Law 2005, chapter 2, Part D, section 66, the Commissioner of Education shall review the delivery of educational programs and services in small school administrative units and shall design a grant program to promote the preservation of cost-effective community schools in small school administrative units in the State.

Sec. UU-6. Study of high-performing and cost-effective small schools. The Maine Education Policy Research Institute within the University of Southern Maine shall conduct a review of high-performing and cost-effective small schools in the State. The steering committee of the Maine Education Policy Research Institute shall include a targeted research project to the fiscal year 2005-06 work plan to permit the principal investigators of the Maine Education Policy Research Institute to provide such technical assistance as may be required to complete this study. The Maine Education Policy Research Institute may receive input from the Joint Standing Committee on Education and Cultural Affairs regarding the expectations of the Legislature with respect to the completion of this study. Based upon its analyses, the Maine Education Policy Research Institute shall develop models of small schools that are both high-performing and cost-effective. The Maine Education Policy Research Institute shall report its findings and recommendations, including the characteristics of high-performing and cost-effective small schools and proposed adjustments to the cost components of the Essential Programs and Services Funding Act, to the Joint Standing Committee on Education and Cultural Affairs by November 30, 2005. The Joint Standing Committee on Education and Cultural Affairs may introduce a bill related to the report to the Second Regular Session of the 122nd Legislature.

Sec. UU-7. Review of additional weights provided for limited English proficiency. The Commissioner of Education shall review the most recent data available related to the costs borne by school administrative units that are providing services to limited English proficiency students. The commissioner may consult with the Maine Educational Policy Research Institute within the University of Southern Maine to conduct this review. The commissioner shall report the findings of this review, including any recommended legislation, to the Joint Standing Committee on Education and Cultural Affairs by November 30, 2005. The Joint Standing Committee on Education and Cultural Affairs may introduce a bill

related to the report to the Second Regular Session of the 122nd Legislature.

Sec. UU-8. Allocation of targeted funds for technology, assessment and costs of education for kindergarten to grade 2 in fiscal year 2005-06. For fiscal year 2005-06, each school administrative unit must receive targeted allocations for technology, assessment and costs of education for kindergarten to grade 2 in accordance with the Maine Revised Statutes, Title 20-A, section 15671, subsection 6. School administrative units shall make every effort to use these targeted allocations for the purposes for which they were provided, however school administrative units may not be penalized for not adhering explicitly to the intent of the targeted funds in fiscal year 2005-06. Each school administrative unit must submit a plan for the use of targeted funds for both fiscal years 2005-06 and 2006-07 by January 15, 2006 for approval of the plans by the Commissioner of Education. The commissioner shall provisionally adopt rules pursuant to the Maine Revised Statutes, Title 20-A, section 15687 that establish the requirements for school administrative unit plans and the use of targeted funds for technology, assessment and costs of education for kindergarten to grade 2 in accordance with Title 20-A, section 15671, subsection 6 and Title 20-A, section 15681 no later than December 2, 2005 so that the Legislature may consider these rules during the Second Regular Session of the 122nd Legislature.

Sec. UU-9. Review of regional adjustment to salary and benefit costs for fiscal year 2006-07. For fiscal year 2006-07, the Commissioner of Education shall review the regional adjustment to the salary and benefit costs of school-level teachers and for school-level staff who are not teachers as calculated under the Maine Revised Statutes, Title 20-A, section 15682. The Commissioner of Education may consult with the Commissioner of Labor and the Maine Educational Policy Research Institute within the University of Southern Maine to address the following:

1. The efficacy of using this regional adjustment as a means to providing an adequate level of resources for teachers and other school-level personnel under the Essential Programs and Services Funding Act;

2. The efficacy of using this regional adjustment as a means to providing a recruitment and retention incentive for teachers in all school administrative units in the State; and

3. The implications of the reduction in the number of labor market areas in the State on this regional adjustment, including an analysis of the impact of the Department of Labor plan to develop its labor force employment data based on 31 labor market areas in

the State compared to the 35 labor market areas previously used for these purposes.

The Commissioner of Education shall report the findings of this review, including any recommended legislation, to the Joint Standing Committee on Education and Cultural Affairs by November 30, 2005. The Joint Standing Committee on Education and Cultural Affairs may introduce a bill related to the report to the Second Regular Session of the 122nd Legislature.

Sec. UU-10. Review of implications of minimum state allocation adjustments for certain school administrative units. The Commissioner of Education shall review the most recent data available related to the implications of the minimum state allocation adjustments enacted pursuant to Public Law 2005, chapter 2 for certain school administrative units whose state share of the school administrative unit's debt service costs were adjusted pursuant to the Maine Revised Statutes, Title 20-A, section 15689, subsection 2. The commissioner shall conduct a comprehensive analysis of the 6 so-called "outlier" school administrative units that may be adversely affected by the minimum state allocation adjustments enacted pursuant to Public Law 2005, chapter 2. The commissioner shall propose potential solutions, including a phase-in approach to resolving the adverse fiscal impact for these school administrative units. The commissioner shall report the findings of this review, including any recommended legislation, to the Joint Standing Committee on Education and Cultural Affairs by November 30, 2005. The Joint Standing Committee on Education and Cultural Affairs may introduce a bill related to the report to the Second Regular Session of the 122nd Legislature.

Sec. UU-11. Review of transportation costs for certain rural schools. The Commissioner of Education shall review the costs defined in the Maine Revised Statutes, Title 20-A, section 15681-A, subsection 3 as the costs pertain to school administrative districts or community school districts that have more than 1,250 resident pupils, in conjunction with other adjustments and funding increases provided by law to determine an appropriate level of funding for fiscal year 2006-07 in order for those districts to maintain their current level of transportation services. The commissioner shall report these findings by November 30, 2005 including any recommended legislation to the Joint Standing Committee on Education and Cultural Affairs and the Joint Standing Committee on Appropriations and Financial Affairs.

Sec. UU-12. Application. This Part applies to school budgets passed for the fiscal year beginning July 1, 2005, and thereafter.

Sec. UU-13. Effective date. This Part takes effect July 1, 2005.

PART VV

Sec. VV-1. 36 MRSA §2551, sub-§1-A is enacted to read:

1-A. Community support services. "Community support services" means rehabilitative services provided to adults at least 18 years of age or to emancipated children that are provided in the context of a supportive relationship pursuant to an individual support plan that promotes a person's recovery and integration of the person into the community and that sustain the person in that person's current living situation or another living situation of that person's choice. "Community support services" include only those services provided by a designated community support services provider licensed by and operating under a contract with the Department of Health and Human Services for such services, whether the provider is reimbursed through participation in the MaineCare program or with state grant funds.

Sec. VV-2. 36 MRSA §2552, sub-§1, ¶¶ F and G, as enacted by PL 2003, c. 673, Pt. V, §25 and affected by §29, are amended to read:

F. The installation, maintenance or repair of telecommunications equipment; and

G. Private nonmedical institution services; and

Sec. VV-3. 36 MRSA §2552, sub-§1, ¶ H is enacted to read:

H. Community support services.

Sec. VV-4. 36 MRSA §2559, as enacted by PL 2003, c. 673, Pt. V, §25 and affected by §29, is amended to read:

§2559. Application of revenues

Revenues derived by the tax imposed by this chapter must be credited to a General Fund suspense account. On or before the last day of each month, the State Controller shall transfer a percentage of the revenues received by the State Tax Assessor during the preceding month pursuant to the tax imposed by section 2552, subsection 1, paragraphs A to F to the Local Government Fund as provided by Title 30-A, section 5681, subsection 5. The balance remaining in the General Fund suspense account must be transferred to service provider tax General Fund revenue. On or before the 15th day of each month, the State Controller shall transfer all revenues received by the assessor during the preceding month pursuant to the tax imposed by section 2552, subsection 1, paragraph G and H to the Medical Care Services

Other Special Revenue Funds account ~~in the Department of Human Services or~~ the Other Special Revenue funds Mental Health Services - Community Medicaid program, the Medicaid Services - Mental Retardation program and the Office of Substance Abuse - Medicaid Seed program within the Department of ~~Behavioral and Developmental Health and Human Services.~~

Sec. VV-5. Appropriations and allocations. The following appropriations and allocations are made.

**HEALTH AND HUMAN SERVICES,
DEPARTMENT OF (FORMERLY BDS)**

Mental Health Services - Community Medicaid 0732

Initiative: Reduces funding to be replaced by dedicated revenue from extending the service provider tax to facilitate MaineCare reimbursement of community support services.

GENERAL FUND	2005-06	2006-07
All Other	(\$912,380)	(\$912,380)
GENERAL FUND TOTAL	(\$912,380)	(\$912,380)

OTHER SPECIAL REVENUE FUNDS	2005-06	2006-07
All Other	\$1,400,000	\$1,400,000

OTHER SPECIAL REVENUE FUNDS TOTAL	\$1,400,000	\$1,400,000
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**HEALTH AND HUMAN SERVICES,
DEPARTMENT OF (FORMERLY BDS)**

DEPARTMENT TOTALS	2005-06	2006-07
GENERAL FUND	(\$912,380)	(\$912,380)
OTHER SPECIAL REVENUE	\$1,400,000	\$1,400,000

DEPARTMENT TOTAL - ALL FUNDS	\$487,620	\$487,620
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**HEALTH AND HUMAN SERVICES,
DEPARTMENT OF (FORMERLY DHS)**

Medical Care - Payments to Providers 0147

Initiative: Provides funding for the federal match required from extending the service provider tax to facilitate MaineCare reimbursement of community support services.

FEDERAL EXPENDITURES FUND	2005-06	2006-07
All Other	\$912,380	\$912,380
FEDERAL EXPENDITURES FUND TOTAL	\$912,380	\$912,380

**HEALTH AND HUMAN SERVICES,
DEPARTMENT OF (FORMERLY DHS)**

DEPARTMENT TOTALS	2005-06	2006-07
FEDERAL EXPENDITURES FUND	\$912,380	\$912,380

DEPARTMENT TOTAL - ALL FUNDS	\$912,380	\$912,380
SECTION TOTALS	2005-06	2006-07
GENERAL FUND	(\$912,380)	(\$912,380)
OTHER SPECIAL REVENUE FUNDS	\$1,400,000	\$1,400,000
FEDERAL EXPENDITURES FUND	\$912,380	\$912,380
SECTION TOTAL - ALL FUNDS	\$1,400,000	\$1,400,000

PART WW

Sec. WW-1. 20-A MRSA §1305-A, sub-§1, ¶B, as enacted by PL 1999, c. 710, §5, is amended to read:

B. Revenue sources:

- (1) ~~Foundation allocation~~ Total education costs appropriated pursuant to section 15690, subsection 1;
- (2) ~~Debt Non-state-funded debt service allocation costs approved pursuant to section 15690, subsection 2,~~ if any; and
- (3) Additional local funds, if any, approved pursuant to section 15690, subsection 3, paragraph A or B;

Sec. WW-2. 20-A MRSA §1701-A, sub-§1, ¶B, as enacted by PL 1999, c. 710, §11, is amended to read:

B. Revenue sources:

- (1) ~~Foundation allocation~~ Total education costs appropriated pursuant to section 15690, subsection 1;
- (2) ~~Debt Non-state-funded debt service allocation costs approved pursuant to section 15690, subsection 2,~~ if any; and
- (3) Additional local funds, if any, approved pursuant to section 15690, subsection 3, paragraph A or B;

Sec. WW-3. 20-A MRSA §15671-A, sub-§5, ¶B, as enacted by PL 2005, c. 2, Pt. D, §35 and affected by §§72 and 73, is amended to read:

B. In a municipality where the responsibility for final adoption of the school budget is vested by the municipal charter in a council, this paragraph applies, except that the petition and referendum provisions apply only if the municipal charter does not otherwise provide for or prohibit a peti-

tion and referendum process with respect to the matters described in this paragraph.

(1) A majority of the entire membership of the school board or committee must approve the additional amount in a regular budget meeting.

(2) An article approving the additional amount must conform to the requirements of section 15690, subsection 3, paragraph B and be approved by a majority of the entire membership of the council in a vote taken in accordance with section 15690, subsection 5 or, if the council votes not to approve the article, by a majority of voters voting in a referendum called pursuant to subparagraph (4).

(3) If an article is approved by the council pursuant to subparagraph (2), the voters may petition for a referendum vote on the same article in accordance with subparagraph (4). If a petition is filed in accordance with subparagraph (4), the vote of the council is suspended pending the outcome of the referendum vote. Upon approval of the article by a majority of the voters voting in that referendum, the article takes effect. If the article is not approved by a majority of the voters voting in that referendum, the article does not take effect. Subsequent to the vote, the school committee or board may again propose an additional amount, subject to the requirements of this section.

(4) If a written petition, signed by at least 10% of the number of voters voting in the last gubernatorial election in the municipality, requesting a vote on the additional amount is submitted to the municipal officers within 30 days of the council's vote pursuant to subparagraph (2), the article voted on by the council must be submitted to the legal voters in the next regular election or a special election called for the purpose. The election must be held within 45 days of the submission of the petition. The election must be called, advertised and conducted according to the law relating to municipal elections, except that the registrar of voters is not required to prepare or the clerk to post a new list of voters and absentee ballots must be prepared and made available at least 14 days prior to the date of the referendum. For the purpose of registration of voters, the registrar of voters must be in session the secular day preceding the election. The voters shall indicate by a cross or check mark placed against the word "Yes"

or "No" their opinion on the article. The results must be declared by the municipal officers and entered upon the municipal records.

Sec. WW-4. 20-A MRSA §15672, sub-§30-A, ¶A, as enacted by PL 2005, c. 2, Pt. D, §36 and affected by §§72 and 73, is amended to read:

A. The salary and benefit costs of certified professionals, assistants and aides or costs of persons contracted to perform a special education service;

Sec. WW-5. 20-A MRSA §15690, sub-§1, ¶¶A and B, as enacted by PL 2005, c. 2, Pt. D, §62 and affected by §§72 and 73, are amended to read:

A. For a municipal school unit, an article in substantially the following form must be used when a single municipal school administrative unit is considering the appropriation of an amount up to its required contribution to the total cost of education as described in section 15688.

(1) "Article.....: To see what sum the municipality will appropriate for the ~~school administrative unit's contribution to the~~ total cost of funding public education from kindergarten to grade 12 as described in the Essential Programs and Services Funding Act (Recommend \$.....) and to see what sum the municipality will raise as the municipality's contribution to the total cost of funding public education from kindergarten to grade 12 as described in the Essential Programs and Services Funding Act in accordance with the Maine Revised Statutes, Title 20-A, section 15688. (Recommend \$.....)"

(2) The following statement must accompany the article in subparagraph (1). "Explanation: The school administrative unit's contribution to the total cost of funding public education from kindergarten to grade 12 as described in the Essential Programs and Services Funding Act is the amount of money determined by state law to be the minimum amount that a municipality must raise in order to receive the full amount of state dollars."

B. For a school administrative district or a community school district, an article in substantially the following form must be used when the school administrative district or community school district is considering the appropriation of an amount up to its required contribution to the total cost of education as described in section 15688.

(1) "Article: To see what sum ~~each municipality the district~~ will appropriate for the ~~school administrative unit's contribution to the~~ total cost of funding public education from kindergarten to grade 12 as described in the Essential Programs and Services Funding Act and to see what sum ~~each municipality the district~~ will raise and assess as each municipality's contribution to the total cost of funding public education from kindergarten to grade 12 as described in the Essential Programs and Services Funding Act in accordance with the Maine Revised Statutes, Title 20-A, section 15688 (~~Recommends~~ Recommend amount set forth below):

<u>Total cost appropriated (by municipality):</u>	<u>Municipal-local contribution Total raised (district assessments by municipality):</u>
Town A (\$amount)	Town A (\$amount)
Town B (\$amount)	Town B (\$amount)
Town C (\$amount)	Town C (\$amount)
School District Total <u>Appropriated</u> (\$sum of above)	School District Total <u>Raised</u> (\$sum of above)"

(2) The following statement must accompany the article in subparagraph (1). "Explanation: The school administrative unit's contribution to the total cost of funding public education from kindergarten to grade 12 as described in the Essential Programs and Services Funding Act is the amount of money determined by state law to be the minimum amount that ~~each municipality the district~~ must raise and assess in order to receive the full amount of state dollars."

Sec. WW-6. 20-A MRSA §15690, sub-§2, as enacted by PL 2005, c. 2, Pt. D, §62 and affected by §§72 and 73, is amended to read:

2. Non-state-funded debt service. For ~~each a~~ school administrative unit's ~~contribution to debt service~~ indebtedness previously approved by its legislative body for non-state-funded major capital school construction projects or non-state-funded portions of major capital school construction projects and minor capital projects, the legislative body of each school administrative unit may vote to raise and appropriate an amount up to the municipality's or district's annual payments for non-state-funded debt service.

A. An article in substantially the following form must be used when a school administrative unit is considering the appropriation for debt service allocation for non-state-funded school construction projects or non-state-funded portions of school construction projects and minor capital projects.

(1) "Article: To see what sum the (municipality or district) will raise and appropriate for the annual debt service payments on ~~a~~ debt service previously approved by the legislative body for non-state-funded school construction project or projects, non-state-funded portion portions of a school construction project projects and minor capital projects in addition to the funds appropriated as the local share of the school administrative unit's contribution to the total cost of funding public education from kindergarten to grade 12. (Recommend \$.....)"

(2) The following statement must accompany the article in subparagraph (1). "Explanation: Non-state-funded debt service is the amount of money needed for the annual payments on the (municipality's or district's) long-term debt for major capital school construction projects and minor capital renovation projects that ~~is~~ are not approved for state subsidy. The bonding of this long-term debt was previously approved by the voters on (date of original referendum) or other legislative body."

Sec. WW-7. 20-A MRSA §15690, sub-§3, ¶A, as enacted by PL 2005, c. 2, Pt. D, §62 and affected by §§72 and 73, is amended to read:

A. If the amount of the additional funds does not result in the unit's exceeding its maximum state and local spending target established pursuant to section 15671-A, subsection 4, an article in substantially the following form must be used when a school administrative unit is considering the appropriation of additional local funds:

(1) "Article: To see what sum the (municipality or district) will raise and to appropriate the sum of (Recommend \$.....) in additional local funds for school purposes under the Maine Revised Statutes, Title 20-A, section 15690. (Recommend \$.....)"

(2) The following statement must accompany the article in subparagraph (1). "Explanation: The additional local funds are those locally raised funds over and above the school administrative unit's local contri-

bution to the total cost of funding public education from kindergarten to grade 12 as described in the Essential Programs and Services Funding Act and local amounts raised for the annual debt service payment on previously approved non-state-funded school construction projects or and the non-state-funded portion of a school construction project projects and minor capital projects that will help achieve the (municipality's or district's) budget for educational programs."

Sec. WW-8. 20-A MRSA §15904, sub-§4, ¶C, as enacted by PL 1981, c. 693, §§5 and 8, is repealed.

Sec. WW-9. 20-A MRSA §15904, sub-§4, ¶E, as amended by PL 1985, c. 570, §2, is further amended to read:

E. The school administrative unit ~~shall be~~ is responsible for the local share of ~~debt service allocation to be calculated in accordance with state law annual principal and interest payments for this school construction project included in the total cost of education appropriated pursuant to section 15690, subsection 1, if any, and for the annual principal and interest payments for the non-state-funded portion of this school construction project.~~

Sec. WW-10. 30-A MRSA §706-A, sub-§7, as enacted by PL 2005, c. 2, Pt. B, §1 and affected by §§2 and 3, is amended to read:

7. Process for exceeding county assessment limit. A county may exceed or increase the county assessment limit only if approved by a vote of a majority of all the members of both the county budget committee or county budget advisory committee and the county commissioners.

Unless a county charter otherwise provides or prohibits a petition and referendum process, if a written petition, signed by at least 10% of the number of voters voting in the last gubernatorial election in the county, requesting a vote on the question of exceeding the county assessment limit is submitted to the county commissioners within 30 days of the commissioners' vote pursuant to this subsection, the article voted on by the commissioners must be submitted to the legal voters in the next regular election or a special election called for that purpose. The election must be held within 45 days of the submission of the petition. The election must be called, advertised and conducted according to the law relating to municipal elections, except that the registrar of voters is not required to prepare or the clerk to post a new list of voters, the filing requirement contained in section 2528 does not

apply and absentee ballots must be prepared and made available at least 14 days prior to the date of the referendum. For the purpose of registration of voters, the registrar of voters must be in session the secular day preceding the election. The voters shall indicate by a cross or check mark placed against the word "Yes" or "No" their opinion on the article. The results must be declared by the county commissioners and entered upon the county records.

Sec. WW-11. 30-A MRSA §5721-A, sub-§1, ¶D, as enacted by PL 2005, c. 2, Pt. C, §1 and affected by §§3 and 4, is amended to read:

D. "Property tax levy" means the total annual municipal appropriations, excluding assessments properly issued by a county of which the municipality is a member and amounts governed by and appropriated in accordance with Title 20-A, chapter 606-B, ~~appropriated as the local share of the cost of essential programs and services under Title 20-A, chapter 606-B, and amounts appropriated~~ to pay assessments properly issued by a school administrative unit or tuition for students or amounts attributable to a tax increment financing district agreement or similar special tax district, reduced by all resources available to fund those appropriations other than the property tax.

Sec. WW-12. 30-A MRSA §5721-A, sub-§7, ¶B, as enacted by PL 2005, c. 2, Pt. C, §1 and affected by §§3 and 4, is amended to read:

B. If the municipal budget is adopted by a town council or city council, the property tax levy limit may be exceeded only by a majority vote of all the elected members of the town council or city council on a separate article that specifically identifies the intent to exceed the property tax levy limit. Unless a municipal charter otherwise provides or prohibits a petition and referendum process, if a written petition, signed by at least 10% of the number of voters voting in the last gubernatorial election in the municipality, requesting a vote on the question of exceeding the property tax levy limit is submitted to the municipal officers within 30 days of the council's vote pursuant to this paragraph, the article voted on by the council must be submitted to the legal voters in the next regular election or a special election called for that purpose. The election must be held within 45 days of the submission of the petition. The election must be called, advertised and conducted according to the law relating to municipal elections, except that the registrar of voters is not required to prepare or the clerk to post a new list of voters and absentee ballots must be prepared and made available at least 14 days prior to the date of the referendum. For the

purpose of registration of voters, the registrar of voters must be in session the secular day preceding the election. The voters shall indicate by a cross or check mark placed against the word "Yes" or "No" their opinion on the article. The results must be declared by the municipal officers and entered upon the municipal records.

Sec. WW-13. PL 2005, c. 2, Pt. B, §3 is repealed.

Sec. WW-14. PL 2005, c. 2, Pt. B, §4 is enacted to read:

Sec. B-4. Effective date. This Part takes effect July 1, 2005.

Sec. WW-15. PL 2005, c. 2, Pt. C, §4 is repealed.

Sec. WW-16. PL 2005, c. 2, Pt. C, §5 is enacted to read:

Sec. C-5. Effective date. This Part takes effect July 1, 2005.

Sec. WW-17. PL 2005, c. 2, Pt. D, §73 is repealed.

Sec. WW-18. PL 2005, c. 2, Pt. D, §74 is enacted to read:

Sec. D-74. Effective date. This Part takes effect July 1, 2005.

PART XX

Sec. XX-1. Calculation and transfer; savings for all departments and agencies. Notwithstanding any other provision of law, the State Budget Officer shall calculate the amount of savings that applies against each General Fund account for all departments and agencies from reductions in All Other and shall transfer the amounts by financial order upon the approval of the Governor. These transfers are considered adjustments to appropriations in fiscal year 2005-06 and fiscal year 2006-07. The State Budget Officer shall provide the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs reports of the transferred amounts no later than January 15, 2006 for the transfers in fiscal year 2005-06 and January 15, 2007 for the transfers in fiscal year 2006-07.

Sec. XX-2. Appropriations and allocations. The following appropriations and allocations are made.

ADMINISTRATIVE AND FINANCIAL SERVICES,
DEPARTMENT OF

Executive Branch Departments and Independent



122nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2005

Legislative Document

No. 468

H.P. 343

House of Representatives, February 1, 2005

An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds, and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2006 and June 30, 2007

(EMERGENCY)

Reference to the Committee on Appropriations and Financial Affairs suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative BRANNIGAN of Portland. (GOVERNOR'S BILL)

2 **Sec. D-29. 20-A MRSA §8601-A, sub-§6**, as enacted by PL 1991,
c. 518, §33, is amended to read:

4 **6. Municipality.** "Municipality" has the same meaning as in
6 section ~~15602, subsection 19~~ 15672, subsection 21.

8 **Sec. D-30. 20-A MRSA §8605, sub-§2, ¶B**, as amended by PL 1995,
c. 665, Pt. J, §1, is further amended to read:

10 B. The unit in which such a person resides must be
12 reimbursed in accordance with ~~chapters 606 and 606-A~~ chapter
606-B.

14 **Sec. D-31. 20-A MRSA §8606-A, sub-§2, ¶C**, as amended by PL
16 1991, c. 518, §38, is further amended to read:

18 C. The recommendation in the commissioner's funding level
20 certification must include local adult education program
cost adjustment to the equivalent of the year prior to the
22 year of allocation. This adjustment is calculated according
to the same guidelines established, for purposes of chapter
~~606~~ 606-B, by section ~~15605~~ 15689-C, subsection 3.

24 **Sec. D-32. 20-A MRSA §15622** is enacted to read:

26 §15622. Repeal

28 This chapter is repealed July 1, 2005.

30 **Sec. D-33. 20-A MRSA §15671, sub-§1**, as amended by PL 2003, c.
32 712, §9, is amended to read:

34 **1. State and local partnership.** The State and each local
36 school administrative unit are jointly responsible for
contributing to the cost of the components of essential programs
and services described in this chapter. Except as otherwise
38 provided in this subsection, for each fiscal year, the total cost
of the components of essential programs and services may not
40 exceed the prior fiscal year's costs multiplied by one plus the
average real personal income growth rate as defined in Title 5,
42 section 1665, subsection 1, except that in no case may that rate
exceed 2.75%. For fiscal years commencing after the state tax
44 burden ranks in the middle 1/3 of all states, as calculated and
certified by the State Tax Assessor, the total cost of the
46 components of essential programs and services may not exceed the
prior fiscal year's costs multiplied by one plus the average real
48 personal income growth rate as defined in Title 5, section 1665,
subsection 1. The Legislature, by an affirmative vote of each
50 House, may exceed the limitations on increases in the total cost

2 of the components of essential programs and services provided in
3 this subsection, as long as that vote is taken upon legislation
4 stating that it is the Legislature's intent to override the
5 limitation for that fiscal year. The state contribution to the
6 cost of the components of essential programs and services,
7 exclusive of federal funds that are provided and accounted for in
8 the cost of the components of essential programs and services,
must be made in accordance with this subsection:

10 A. The level of the state share of funding attributable to
11 the cost of the components of essential programs and
12 services must be at least 50% of eligible state and local
13 General Fund education costs statewide, no later than fiscal
14 year ~~2007-08~~ 2006-07; and

16 B. By fiscal year ~~2009-10~~ 2008-09 the state share of the
17 total cost of funding public education from kindergarten to
18 grade 12, as described by essential programs and services,
19 must be 55%. Beginning in fiscal year 2005-06 and in each
20 fiscal year until fiscal year ~~2009-10~~ 2008-09, the state
21 share of essential programs and services described costs
22 must increase toward the 55% level required in fiscal year
23 ~~2009-10~~ 2008-09.

24 Beginning in fiscal year 2005-06 and in each fiscal year
25 thereafter, the commissioner* shall use the funding level
26 determined in accordance with this section as the basis for a
27 recommended funding level for the state share of the cost of the
28 components of essential programs and services.

30 **Sec. D-34. 20-A MRSA §15671, sub-§6**, as enacted by PL 2001, c.
31 660, §1, is amended to read:

34 **6. Targeted funds.** Funds for technology, assessment and
35 the costs of additional investments in educating children in
36 kindergarten to grade 2 must be provided as targeted grants.
37 School administrative units shall submit a plan for the use of
38 these funds and shall receive funding based on approval of the
39 plan by the commissioner. Any plan must be pursuant to chapter
40 203, subchapter 2.

42 **Sec. D-35. 20-A MRSA §15671, sub-§7**, as amended by PL 2003, c.
43 712, §10, is further amended to read:

44 **7. Transition; annual targets.** To achieve the system of
45 school funding based on essential programs and services required
46 by this section, the following annual targets are established.

48 A. The annual targets for the essential programs and
49 services transition percentage, excluding program cost

allocation, debt service allocation and adjustments, are as follows.

(1) For fiscal year 2005-06, the target is 84%.

(2) For fiscal year 2006-07, the target is 88% 90%.

(3) For fiscal year 2007-08, the target is 92% 95%.

(4) For fiscal year 2008-09 and succeeding years, the target is 96% 100%.

~~(5) -- For fiscal year 2009-10 and succeeding years, the target is 100%.~~

B. The annual targets for the state share percentage are as follows.

(1) For fiscal year 2005-06, the target is 52.6%.

(2) For fiscal year 2006-07, the target is 52.6% 53.86%.

(3) For fiscal year 2007-08, the target is 53% 54.44%.

(4) For fiscal year 2008-09 and succeeding years, the target is 54% 55%.

~~(5) -- For fiscal year 2009-10 and succeeding years, the target is 55%.~~

Sec. D-36. 20-A MRSA §15671-A, as enacted by PL 2003, c. 712, §11, is amended to read:

§15671-A. Property tax contribution to public education

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Funding public education from kindergarten to grade 12" means providing the cost of funding the essential programs and services described in this chapter plus the total allocations for program other subsidizable cost, debt service costs and adjustments.

B. "Local cost share expectation" means the maximum amount of money for funding public education from kindergarten to grade 12 that may be derived from property tax for the

required local contribution established in section 15688,
subsection 3.

2. **Local cost share expectation.** The local cost share expectation is established as follows.

A. Notwithstanding any other provision of law, with respect to the assessment of any property taxes for property tax years beginning on or after April 1, 2005, this subsection establishes the local cost share expectation that may be assessed on the value of property for the purpose of funding public education from kindergarten to grade 12. The commissioner shall annually by February 1st notify each school administrative unit of its local cost share expectation. Each superintendent shall report to the municipal officers whenever a school administrative unit is notified of the local cost share expectation or a change made in the local cost share expectation resulting from an adjustment.

B. For property tax years beginning on or after April 1, 2005, the commissioner shall calculate the full-value education mill rate that is required to raise the total of the local cost share expectation. The full-value education mill rate is calculated by dividing the applicable tax year percentage of the projected cost of funding public education from kindergarten to grade 12 by the certified total state valuation for the year prior to the most recently certified total state valuation for all municipalities. The full-value education mill rate must decline over the period from fiscal year 2005-06 to fiscal year ~~2009-10~~ 2008-09 and may not exceed 9.0 mills in fiscal year 2005-06 and may not exceed 8.0 mills in fiscal year ~~2009-10~~ 2008-09. The full-value education mill rate must be applied according to section 15688, subsection 3, paragraph A to determine a municipality's local cost share expectation. Full-value education mill rates must be derived according to the following schedule.

(1) For the 2005 property tax year, the full-value education mill rate is the amount necessary to result in a 47.4% local share in fiscal year 2005-06.

(2) For the 2006 property tax year, the full-value education mill rate is the amount necessary to result in a ~~47.4%~~ 46.14% local share in fiscal year 2006-07.

(3) For the 2007 property tax year, the full-value education mill rate is the amount necessary to result in a ~~47.0%~~ 45.56% local share in fiscal year 2007-08.

2 (4) For the 2008 property tax year, the full-value
education mill rate is the amount necessary to result
4 in a 46.0% 45.0% local share in fiscal year 2008-09.

6 ~~(5) For the 2009 property tax year, the full-value~~
~~education mill rate is the amount necessary to result~~
8 ~~in a 45.0% local share in fiscal year 2009-10.~~

10 **3. Exceeding maximum local cost share expectations;**
separate article. Beginning with the 2005-2006 school budget,
12 the legislative body of a school administrative unit may adopt
~~property tax rates~~ an additional local appropriation that ~~exceed~~
14 exceeds the local cost share expectation established by section
15688, subsection 3, paragraph A if that action is approved in a
16 separate article by a vote of the school administrative unit's
legislative body through the same process that the school budget
18 is approved in that school administrative unit. If that
additional appropriation causes the school administrative unit to
20 exceed the maximum state and local spending target described in
subsection 4, the voting requirements of subsection 4 apply.

22
24 **4. Exceeding the maximum state and local spending target.**
The sum of a school administrative unit's local contribution to
the total cost of funding public education determined pursuant to
26 section 15688, subsection 3, paragraph A plus the state
contribution as calculated in section 15688, subsection 3,
28 paragraph B plus the additional local contribution raised
pursuant to section 15690, subsection 3 may not exceed the
30 targeted state and local spending for fiscal year 2005-06 and
succeeding fiscal years. The targeted state and local spending
32 for fiscal years 2005-06, 2006-07, 2007-08 and 2008-09 is as
follows:

34
36 A. The targeted state and local spending for fiscal year
2005-06 is equal to the state and local spending, excluding
local only debt, from fiscal year 2004-05 increased by the
38 3-year average percent of increase in the Consumer Price
Index plus 25% of the difference between that result and
40 100% of the essential programs and services costs for fiscal
year 2005-06 or 100% of the essential programs and services
42 costs, whichever is less;

44 B. The targeted state and local spending for fiscal year
2006-07 is equal to the state and local spending, excluding
46 local only debt, from fiscal year 2005-06 increased by the
3-year average percent of increase in the Consumer Price
48 Index plus 25% of the difference between that result and
100% of the essential programs and services costs for fiscal

2 2-A. Debt service costs. "Debt service costs," for subsidy
3 purposes, includes:

4 A. Principal and interest costs for approved major capital
5 projects in the allocation year, including the initial local
6 share of school construction projects that received voter
7 approval for all or part of their funding in referendum in
8 fiscal year 1984-85;

10 B. Lease costs for school buildings when the leases,
11 including leases under which the school administrative unit
12 may apply the lease payments to the purchase of portable,
13 temporary classroom space beginning January 1, 1988, have
14 been approved by the commissioner for the year prior to the
15 allocation year. Beginning July 1, 1998 lease costs include
16 costs for leasing:

18 (1) Administrative space. A school administrative
19 unit may lease administrative space with state support
20 until July 1, 2003. A school administrative unit
21 engaged in a lease-purchase agreement for
22 administrative space is eligible for state support
23 until July 1, 2008;

24 (2) Temporary interim nonadministrative space.

26 (a) A school administrative unit with
27 state-approved need for nonadministrative space
28 may lease temporary interim space, with state
29 support, for a maximum of 5 years. A school
30 administrative unit may appeal to the state board
31 if this limitation presents an undue burden. When
32 making a determination on a school administrative
33 unit's request for relief based on undue burden,
34 the state board may consider, but are not limited
35 to considering, the following:

38 (i) Fiscal capacity;

40 (ii) Enrollment demographics; and

42 (iii) Unforeseen circumstances not within
43 the control of the appealing school
44 administrative unit.

46 The state board's decision is final.

48 (b) A school administrative unit engaged in a
lease-purchase agreement for temporary interim

2 nonadministrative space is eligible for state
3 support for a maximum of 10 years; and

4 (3) Permanent small nonadministrative space that
5 replaces or is converted from existing approved leased
6 portable space. The existing approved leased portable
7 space will be eligible for state support until July 1,
8 2003. Once an existing leased portable space has been
9 converted into a permanent nonadministrative space
10 through an approved lease-purchase agreement, that
11 space is eligible for state support for a maximum of 10
12 years.

13 The department shall adopt rules necessary to implement this
14 paragraph. Rules adopted by the department to implement
15 this paragraph are major substantive rules pursuant to Title
16 5, chapter 375, subchapter 2-A;

17 C. The portion of the tuition costs applicable to the
18 insured value factor for the base year computed under
19 section 5806; and

20 D. The cost of construction or purchase of portable,
21 temporary classroom space as approved by the commissioner
22 beginning January 1, 1988. For the purposes of this
23 section, "portable, temporary classroom space" means a
24 project consisting of one or more mobile or modular
25 buildings that are at least partially constructed off site
26 and are designed to be moved to other sites with a minimum
27 of disassembly and reassembly. "Portable, temporary
28 classroom space" includes, but is not limited to, space for
29 regular classrooms, small group instruction, libraries,
30 clinics and guidance and administrative office space,
31 including principal and superintendent offices. The
32 department shall adopt rules for approving the purchase,
33 construction or lease-purchase of portable, temporary
34 classroom space and for determining the amount includable
35 for subsidy purposes. Lease-purchase agreements may not
36 exceed a term of 10 years. Approved costs are those for
37 the year prior to the allocation year. The department shall
38 adopt rules necessary to implement this paragraph. Rules
39 adopted by the department to implement this paragraph are
40 major substantive rules pursuant to Title 5, chapter 375,
41 subchapter 2-A.

42 3. Economically disadvantaged students. "Economically
43 disadvantaged students" means students who are included in the
44 department's count of students who are eligible for free or
45 reduced-price meals or free milk or both.

46

2 **4. Education technician.** "Education technician" means a
full-time equivalent public teacher aide or education technician
4 I, associate teacher or education technician II or assistant
teacher or education technician III but not a special education
6 technician I, II or III, as documented in the department's
database.

8 **5. Elementary free or reduced-price meals percentage.**
"Elementary free or reduced-price meals percentage" means the
10 percentage, as determined by the commissioner, that reflects
either:

12 A. The actual percentage of elementary students in a school
14 administrative unit who are eligible to receive free or
reduced-price meals or free milk or both; or

16 B. The commissioner's estimated percentage of elementary
18 students in a school administrative unit who are eligible to
receive free or reduced-price meals or free milk or both.

20 **6. Elementary grades.** "Elementary grades" means
22 kindergarten to grade 8 and includes children enrolled in early
kindergarten programs and 4-year-old children enrolled in a
24 2-year childhood education program prior to grade one.

26 **7. Elementary school level.** "Elementary school level"
means the grades from kindergarten to grade 5 and includes early
28 kindergarten programs and 2-year childhood education programs
enrolling 4-year-old children prior to grade one.

30 **7-A. EPS per-pupil rate.** "EPS per-pupil rate" means the
32 total amount of funds that is made available for each
subsidizable pupil representing the following cost components:

34 A. Salary and benefit costs for school level teaching staff;

36 B. Salary and benefit costs for other identified school
38 level staff;

40 C. Designated costs for substitute teachers; and

42 D. Identified nonstaffing costs.

44 **8. Essential programs and services.** "Essential programs
and services" means those educational resources that are
46 identified in this chapter that enable all students to meet the
standards in the 8 content standard subject areas of the system
48 of learning results established in chapter 222.

2 **9. Essential programs and services transition percentage.**
3 "Essential programs and services transition percentage" means the
4 full estimated cost for all essential programs and services for
5 that fiscal year that will be funded by a state contribution or
6 by a required local contribution.

7 **9-A. Gifted and talented costs.** "Gifted and talented
8 costs" means the cost of programs for gifted and talented
9 students that have been approved by the commissioner.

10 **10. Grade 9 to 12 portion.** "Grade 9 to 12 portion" means
11 those pupils in the secondary grades or high school level.

12 **11. Guidance staff.** "Guidance staff" means full-time
13 equivalent public guidance counselors, directors of guidance or
14 school social workers, as documented in the department's database.

15 **12. Health staff.** "Health staff" means full-time
16 equivalent public school nurses, as documented in the
17 department's database.

18 **13. High school level.** "High school level" means grade 9 to
19 grade 12.

20 **13-A. Institutional resident.** "Institutional resident"
21 means a person between 5 years of age and 20 years of age who is
22 attending a public school of the school administrative unit and
23 who is committed or otherwise legally admitted to and residing at
24 a state-operated institution. "Institutional resident" does not
25 include students attending private facilities, regardless of the
26 means of placement.

27 ~~**14. Income weight.** "Income weight" means a value between~~
28 ~~zero and one that is used to adjust a municipality's ratio of~~
29 ~~local median household income to the statewide median household~~
30 ~~income. The income weight plus the property weight, as defined~~
31 ~~in subsection 24, must total one.~~

32 **15. Kindergarten to grade 8 portion.** "Kindergarten to grade
33 8 portion" means those pupils in the elementary grades or a
34 combination of the elementary school level and middle school
35 level.

36 **16. Kindergarten to grade 2 student.** "Kindergarten to
37 grade 2 student" means a student in any grade from
38 prekindergarten to grade 2 who is at least ~~5~~ 4 years old on
39 October 15th of the school year.

40

2 17. **Librarian.** "Librarian" means a full-time equivalent
public librarian or media specialist, as documented in the
department's database.

4
6 18. **Limited English proficiency student.** "Limited English
proficiency student" means a student who was not born in the
United States or whose native language is a language other than
8 English and who satisfies the definition of a limited English
proficient student under the federal No Child Left Behind Act of
10 2001, 20 United States Code, Chapter 70.

12 18-A. Major capital costs. "Major capital costs" means
14 costs relating to school construction projects, as defined in
section 15901.

16 19. **Media assistant.** "Media assistant" means a full-time
equivalent public librarian aide or library technician I,
18 librarian assistant or library technician II or librarian
associate or library technician III, as documented in the
20 department's database.

22 20. **Middle school level.** "Middle school level" means grade
6 to grade 8.

24 20-A. Minor capital costs. "Minor capital costs" means
26 costs relating to plant maintenance, minor remodeling, site
development or the purchase of land not in conjunction with a
28 construction project.

30 A. "Minor capital costs" does not include construction of
new buildings or the purchase of land in conjunction with a
32 school construction project.

34 B. Expenditures to repay funds borrowed for minor capital
expenditures must be considered minor capital costs in the
36 year in which these funds are repaid.

38 C. Purchase of land made in accordance with this subsection
must be approved:

40 (1) By the legislative body of the school
42 administrative unit; and

44 (2) By the commissioner, under rules adopted for this
46 purpose.

48 21. **Municipality.** "Municipality" means a city, town or
organized plantation.

2 21-A. Nonsubsidizable costs. Nonsubsidizable costs are
3 costs that are not considered in the calculation of the total
4 allocation. "Nonsubsidizable costs" includes the following:

5 A. Community service costs;

6 B. Major capital costs;

7 C. Expenditures from all federal revenue sources, except
8 for amounts received under United States Public Law 81-874;

9 D. Transportation costs not associated with transporting
10 students from home to school and back home each day; and

11 E. Costs payable to the Maine State Retirement System under
12 Title 5, section 17154, subsections 10 and 11.

13 21-B. Portable, temporary classroom space. "Portable,
14 temporary classroom space" means one or more mobile or modular
15 buildings that are at least partially constructed off site and
16 that are designed to be moved to other sites with a minimum of
17 disassembly and reassembly.

18 ~~22. Per pupil guarantee. "Per pupil guarantee" means the~~
19 ~~total amount of funds that is made available for each~~
20 ~~subsidizable pupil representing the following cost components:~~

21 ~~A. Salary and benefit costs for school level teaching staff;~~

22 ~~B. Salary and benefit costs for other identified school~~
23 ~~level staff;~~

24 ~~C. Designated costs for substitute teachers; and~~

25 ~~D. Identified nonstaffing costs.~~

26 22-A. Predicted per-pupil transportation costs. "Predicted
27 per-pupil transportation costs" means the predicted
28 transportation costs for a school administrative unit based on
29 the number of resident pupils, the number of miles of Class 1 to
30 Class 5 roads in the school administrative unit and approved
31 adjustments. Approved adjustments include a per mile rate equal
32 to the state average gross transportation operating costs per
33 mile driven for transportation associated with out-of-district
34 special education programs, up to 2 round trips per day for
35 vocational education programs, and adjustments for expenditures
36 for ferry services within a school administrative unit,
37 transportation of homeless children in accordance with section
38 5205 and transportation costs of island school administrative
39 units.

2 **23. Property fiscal capacity.** "Property fiscal capacity"
means the certified state valuation amount for the year prior to
4 the most recently certified state valuation.

6 ~~24. Property weight. "Property weight" means a value
between zero and one that is used to adjust a municipality's
8 ratio of local per pupil property fiscal capacity to the
statewide per pupil property fiscal capacity. The income weight,
10 as defined in subsection 14, plus the property weight must total
one.~~

12 **25. School administrative staff.** "School administrative
14 staff" means full-time equivalent public school principals and
assistant principals, as documented in the department's database.

16 **26. School administrative unit's local contribution to EPS
18 per-pupil rate.** "School administrative unit's local contribution
to the ~~per-pupil-guarantee~~ EPS per-pupil rate" means the funds
20 that a school administrative unit provides for each subsidizable
pupil who resides in that unit.

22 **27. School administrative unit's state contribution to EPS
24 per-pupil rate.** "School administrative unit's state contribution
to the ~~per-pupil-guarantee~~ EPS per-pupil rate" means the funds
26 that the State provides to a school administrative unit for each
subsidizable pupil who resides in that unit.

28 **28. School level.** "School level" means elementary level,
30 middle school level and high school level.

32 **29. School level teaching staff.** "School level teaching
staff" means full-time equivalent public classroom teachers,
34 itinerant classroom teachers and special teachers of reading or
literacy specialists excluding special education teachers and
36 vocational education teachers, as documented in the department's
database.

38 **30. Secondary grades.** "Secondary grades" means grade 9 to
40 grade 12.

42 **30-A. Special education costs.** "Special education costs"
for subsidy purposes includes;

44 A. The salary and benefit costs of certified professionals,
46 assistants and aides or persons contracted to perform a
special education service;

48 B. The costs of tuition and board to other schools for
50 programs that have been approved by the commissioner and not

2 paid directly by the State. Medical costs are not allowable
3 as part of a tuition charge;

4 C. The following preschool handicapped services:

6 (1) The salary and benefit costs of certified
7 professionals, assistants and aides or persons
8 contracted to perform preschool handicapped services
9 that have been approved by the commissioner; and

10
11 (2) The cost of tuition to other schools for programs
12 that have been approved by the commissioner; and

13 D. Special education costs that are the costs of
14 educational services provided to students who are
15 temporarily unable to participate in regular school
16 programs. Students who may be included are pregnant
17 students, hospitalized students or those confined to their
18 homes for illness or injury, students involved in substance
19 abuse programs within hospital settings or in residential
20 rehabilitation facilities licensed by the Department of
21 Health and Human Services, Office of Alcoholism and Drug
22 Abuse Prevention for less than 6 weeks duration or students
23 suffering from other temporary conditions that prohibit
24 their attendance at school. Students served under this
25 paragraph may not be counted as exceptional students for
26 federal reporting purposes.

27
28 30-B. State-operated institution. "State-operated
29 institution" means any residential facility or institution that
30 is operated by the Department of Health and Human Services or a
31 school operated by the Department of Education.

32
33 31. State share percentage. "State share percentage" means
34 the percentage of the sum--of--the--following--amounts--that--is
35 provided--by--a--state--appropriation; state contribution determined
36 under section 15688, subsection 3, paragraph B divided by the
37 total cost determined in section 15688, subsection 1.

38
39 A.---Operating--costs--total--allocation,--as--described--in
40 section-15683;

41
42 B.---Program-costs-allocation,--as--described--in--section-15608,
43 subsection-2;

44
45 C.---Allocations--for--debt--service--costs,--as--defined--in
46 section-15603,--subsection-8,--and

47
48 D.---Allocations--for--all--adjustments--and--miscellaneous--costs
49 authorized--pursuant--to--sections-15612--and--15613.
50

2 31-A. State subsidy. "State subsidy" means the total of the
state contribution determined under section 15688, subsection 3,
4 paragraph B and any applicable adjustment under section 15689.

6 31-B. Subsidizable costs. "Subsidizable costs" includes
the costs described in paragraphs A to C and used to calculate
8 the total allocation amount:

10 A. The total operating allocation under section 15683;

12 B. Debt service cost, including the following:

14 (1) Principal and interest on approved school
construction costs as described in subsection 2-A,
16 paragraph A; excluding payments made with funds from
state and local government accounts established under
18 the federal Internal Revenue Code and regulations for
disposition of excess, unneeded proceeds of bonds
20 issued for a school project;

22 (2) Approved lease and lease purchase costs as
described in subsection 2-A, paragraphs B and D; and

24 (3) Insured value factor costs as described in section
5806, subsection 2; and

28 C. Adjustments and miscellaneous costs under sections 15689
and 15689-A including special education tuition and board,
30 excluding medical costs. For purposes of this paragraph,
"special education tuition and board" means:

32 (1) Tuition and board for pupils placed directly by
the State in accordance with rules adopted or amended
34 by the commissioner; and

36 (2) Special education tuition and other tuition for
institutional residents of state-operated institutions
38 attending programs in school administrative units or
private schools in accordance with rules adopted or
40 amended by the commissioner.

42 32. Subsidizable pupils. "Subsidizable pupils" means all
44 school level pupils who reside in a school administrative unit
and who are educated at public expense.

46 32-A. Total allocation. "Total allocation" means the total
48 of the operating allocation as described in section 15683 and the
debt service allocation as described in section 15683-A.

50

2 32-B. Transportation operating costs. "Transportation
operating costs" means all costs incurred in the transportation
4 of pupils in kindergarten to grade 12, including lease costs for
bus garage and maintenance facilities and lease-purchase costs
6 that the school administrative unit may apply to the purchase of
bus garage and maintenance facilities, when the leases and
8 lease-purchase agreements have been approved by the commissioner,
but excluding the costs of bus purchases and excluding all costs
10 not associated with transporting students from home to school and
back home each day. The amount includable for determining the
12 subsidy for a school administrative unit for lease-purchase of
bus garage and maintenance facilities may not exceed the amount
14 for the lease of a comparable facility.

16 32-C. Vocational education costs. "Vocational education
costs" for subsidy purposes means all costs incurred by the
18 vocational regions, centers or satellites in providing approved
secondary school vocational education programs, excluding
20 transportation, capital costs and debt service.

22 32-D. Year. "Year" means a fiscal year starting July 1st
and ending June 30th of the succeeding year.

24 **33. Year of funding.** "Year of funding" means the fiscal
year during which state subsidies are disbursed to school
26 administrative units, except as specified in section 15005,
subsection 1.

28 **Sec. D-38. 20-A MRS §15673,** as repealed and replaced by PL
30 2003, c. 712, §13, is repealed.

32 **Sec. D-39. 20-A MRS §15675, sub-§1,** as enacted by PL 2003, c.
34 504, Pt. A, §6, is amended to read:

36 **1. Limited English proficiency students.** The additional
weights for school administrative units with limited English
38 proficiency students are as follows:

40 A. For a school administrative unit with 15 or fewer
limited English proficiency students, the unit receives an
42 additional weight of .50 per student;

44 B. For a school administrative unit with more than 15 and
fewer than 251 limited English proficiency students, the
46 unit receives an additional weight of .30 per student; and

48 C. For a school administrative unit with 251 or more limited
English proficiency students, the unit receives an
50 additional weight of .60 per student.

2 Eligibility for state funds under this subsection is limited to
3 school administrative units that are providing services to
4 limited English proficient students through programs approved by
5 the department.

6 **Sec. D-40. 20-A MRSA §15676**, as enacted by PL 2003, c. 504,
7 Pt. A, §6, is amended to read:

8 **§15676. EPS per-pupil rate**

10 For each school administrative unit, the commissioner shall
11 calculate the unit's per-pupil-guarantee EPS per-pupil rate for
12 each year as the sum of:

14 **1. Teaching staff costs.** The salary and benefit costs for
15 school level teaching staff that are necessary to carry out this
16 Act, calculated in accordance with section 15678 and adjusted by
17 the regional adjustment under section 15682;

20 **2. Other staff costs.** The salary and benefit costs for
21 school-level staff who are not teachers, but including substitute
22 teachers, that are necessary to carry out this Act, calculated
23 in accordance with section 15679 and adjusted by the regional
24 adjustment under section 15682; and

26 **3. Additional costs.** The per-pupil amounts not related to
27 staffing, calculated in accordance with section 15680.

28 The EPS per-pupil rate is calculated on the basis of which
29 schools students attend. For school administrative units that do
30 not operate their own schools, the EPS per-pupil rate is
31 calculated under section 15676-A.

34 **Sec. D-41. 20-A MRSA §15676-A** is enacted to read:

36 **§15676-A. EPS per-pupil rate for units that do not operate**
37 **schools**

38 **1. Definitions.** For purposes of this section, the
39 following terms have the following meanings.

42 A. "Receiving unit" means the school administrative unit to
43 which students are sent by the sending unit.

44 B. "Receiving unit cost" means the amount arrived at by
45 multiplying the receiving unit's EPS rate by the number of
46 students sent to that unit by the sending unit.

48 C. "Sending unit" means the school administrative unit
49 sending students to other school administrative units.
50

2 2. Calculation of EPS per-pupil rate. For school
administrative units that do not operate certain types of
4 schools, the commissioner shall calculate that unit's EPS
per-pupil rate for each year as follows.

6
8 A. For units that do not operate elementary grade schools,
the EPS per-pupil rate for elementary grades is calculated
by multiplying the number of students sent by the sending
10 unit to an elementary grade receiving unit multiplied by the
receiving unit's EPS per-pupil rate for elementary grades
12 and the result divided by the number of students sent by the
sending unit to that elementary grade receiving unit. If
14 the sending unit sends students to more than one elementary
grade receiving unit, then the elementary grade receiving
16 unit cost for each student sent by the sending unit is added
and the result divided by the total number of students sent
18 to elementary grade receiving units by the sending unit.
The result is the average elementary grade EPS per-pupil
20 rate for the sending unit.

22 The EPS per-pupil rate for private schools approved for
tuition purposes under chapter 117 is the statewide average
24 EPS per-pupil rate for elementary grades. The elementary
attending student count is the most recent October 1st count
26 prior to the allocation year.

28 B. For units that do not operate secondary grade schools,
the EPS per-pupil rate for secondary grades is calculated by
30 multiplying the number of students sent by the sending unit
to a secondary grade receiving unit multiplied by the
32 receiving unit's EPS per-pupil rate for secondary grades and
the result divided by the number of students sent by the
34 sending unit to that secondary grade receiving unit. If the
sending unit sends students to more than one secondary grade
36 receiving unit, then the secondary grade receiving unit cost
for each student sent by the sending unit is added and the
38 result divided by the total number of students sent to
secondary grade receiving units by the sending unit. The
40 result is the average secondary grade EPS per-pupil rate for
the sending unit.

42 The EPS per-pupil rate for private schools approved for
tuition purposes under chapter 117 is the statewide average
44 EPS per-pupil rate for secondary grades. The secondary
attending student count is the most recent October 1st count
46 prior to the allocation year.

48 **Sec. D-42. 20-A MRSA c. 606-C, headnote, as enacted by IB 2003,**
50 c. 2, §1, is repealed.

2 **Sec. D-43. 20-A MRSA §15681**, as enacted by IB 2003, c. 2,
§1, is repealed.

4 **Sec. D-44. 20-A MRSA §15681, sub-§1**, as enacted by PL 2003, c.
6 504, Pt. A, §6, is amended to read:

8 **1. Eligibility.** In order for a school administrative unit
to receive targeted funds under this section, the school
10 administrative unit must meet the following eligibility criteria.

12 A. To receive targeted student assessment funds calculated
pursuant to subsection 2, a school administrative unit must
14 be in compliance with applicable state statutes and
department rules regarding local assessment systems for the
16 system of learning results established in section 6209 and
be in compliance with applicable federal statutes and
18 regulations pertaining to student assessment as required by
the federal No Child Left Behind Act of 2001, 20 United
20 States Code, Chapter 70.

22 B. To receive targeted technology resource funds calculated
pursuant to subsection 3, a school administrative unit must
24 be in compliance with the technology components of the
unit's comprehensive education plan as required under
26 section 4502, subsection 1.

28 C. To receive targeted kindergarten to grade 2 funds
calculated pursuant to subsection 4, the school
30 administrative unit must be in compliance with any
applicable reporting requirements for local early childhood
32 programs. Any program must be in compliance with chapter
203, subchapter 2.

34 **Sec. D-45. 20-A MRSA §15681-A** is enacted to read:

36 §15681-A. Other subsidizable costs

38 The following are other subsidizable costs.

40 1. Bus purchases. Bus purchase costs.

42 2. Special education costs. Beginning in fiscal year
44 2005-06, a school administrative unit receives an additional
46 weight of at least 1.20 but not greater than 1.40 for each
48 special education student identified on the annual December 1st
child count as required by the federal Individuals with
50 Disabilities Education Act for the most recent year, up to a
maximum of 15% of the school administrative unit resident's
pupils as determined under section 15674, subsection 1, paragraph

2 C. subparagraph (1). For those school administrative units in
4 which the annual December 1st child count for the most recent
6 year is less than 15% of the school administrative unit's
8 resident pupils as determined under section 15674, subsection 1,
10 paragraph C, subparagraph (1), the special education child count
12 percentage may not increase more than 0.5% in any given year, up
14 to a maximum of 1.0% in any given 3-year period. For each
16 special education student above the 15% maximum, the unit
18 receives an additional weight of .38. In addition, each school
20 administrative unit must receive additional funds:

22 A. For lower staff-student ratios and expenditures for
24 related services for school administrative units with fewer
26 than 20 special education students identified on the annual
28 December 1st child count as required by the federal
30 Individuals with Disabilities Education Act for the most
32 recent year;

34 B. For high-cost in-district special education placements,
36 Additional funds must be allocated for each student
38 estimated to cost 3 times the statewide special education
40 EPS per-pupil rate;

42 C. For high-cost out-of-district special education
44 placements, Additional funds must be allocated for each
46 student estimated to cost 4 times the statewide special
48 education EPS per-pupil rate; and

50 D. To ensure the school administrative unit meets the
federal maintenance of effort requirement for receiving
federal Individuals with Disabilities Education Act funds.

The commissioner shall develop an appeals procedure for
calculated special education costs for school administrative
units.

36 3. Transportation costs. For fiscal year 2005-06, the
38 commissioner, using information provided by a statewide education
40 policy research institute, shall establish a per-pupil
42 transportation cost for each school administrative unit based on
44 an analysis of the most recent year's reported transportation
46 expenditures and a predicted per-pupil transportation cost based
48 on the number of resident pupils, the number of miles of Class 1
to Class 5 roads in the school administrative unit and any
approved adjustments. In fiscal year 2005-06 the established
per-pupil transportation cost for each school administrative unit
is the most recent year's reported transportation expenditures or
predicted per-pupil transportation cost, plus 10%, whichever is
lower. Beginning in fiscal year 2006-07, and for each subsequent
fiscal year, the per-pupil transportation costs for each school

2 administrative unit are its established costs for the most recent
3 year adjusted by the Consumer Price Index or other comparable
4 index. For fiscal years 2005-06 and 2006-07, in no case may the
5 per-pupil transportation costs for a school administrative unit
6 be less than 75% of the established costs for the most recent
7 fiscal year. Every 3 years, the commissioner, using information
8 provided by a statewide education policy research institute,
9 shall examine and may adjust reported transportation expenditures
10 and predicted transportation costs. The commissioner shall
11 develop an appeals procedure for established per-pupil
12 transportation costs for school administrative units.

13 4. Vocational education costs. Vocational education costs
14 in the base year adjusted to the year prior to the allocation
15 year.

16 5. Gifted and talented education costs. Gifted and
17 talented costs in the base year adjusted to the year prior to the
18 allocation year.

19 **Sec. D-46. 20-A MRSA §15682**, as enacted by IB 2003, c. 2,
20 §1, is repealed.

21 **Sec. D-47. 20-A MRSA §15683**, as amended by PL 2003, c. 712,
22 §14, is further amended to read:

23 **§15683. Total operating allocation**

24 For each school administrative unit, that unit's total
25 operating allocation is the base total set forth in subsection 1
26 as adjusted in accordance with subsection 2 and including the
27 total amount ~~for subsection 3~~ of other subsidizable costs as
28 described in section 15681-A.

29 **1. Base total.** The base total of a school administrative
30 unit's total operating allocation is the sum of:

31 **A.** The product of the school administrative unit's
32 kindergarten to grade 8 ~~per-pupil-guarantee~~ EPS per-pupil
33 rate multiplied by the total of the kindergarten to grade 8
34 portions of the following pupil counts:

35 (1) The pupil count set forth in section 15674,
36 subsection 1, paragraph C;

37 (2) The additional weight for limited English
38 proficiency students calculated pursuant to section
39 15675, subsection 1; and

2 (3) The additional weight for economically
disadvantaged students calculated pursuant to section
15675, subsection 2;

4

6 B. The product of the school administrative unit's grade 9
to 12 ~~per-pupil-guarantee~~ EPS per-pupil rate multiplied by
the total of the grade 9 to 12 portion of the following
8 pupil counts:

10 (1) The pupil count set forth in section 15674,
subsection 1, paragraphs A, B and C;

12

14 (2) The additional weight for limited English
proficiency students calculated pursuant to section
15675, subsection 1; and

16

18 (3) The additional weight for economically
disadvantaged students calculated pursuant to section
15675, subsection 2;

20

22 C. If the school administrative unit is eligible for
targeted student assessment funds pursuant to section 15681,
subsection 1, the sum of:

24

26 (1) The product of the elementary school level and
middle school level per-pupil amount for targeted
student assessment funds calculated pursuant to section
15681, subsection 2 multiplied by the kindergarten to
28 grade 8 portion of the pupil count calculated pursuant
to section 15674, subsection 1, paragraph C,
subparagraph (1); and

32

34 (2) The product of the high school level per-pupil
amount for targeted student assessment funds calculated
pursuant to section 15681, subsection 2 multiplied by
36 the grade 9 to 12 portion of the pupil count calculated
pursuant to section 15674, subsection 1, paragraph C,
subparagraph (1);

38

40 D. If the school administrative unit is eligible for
targeted technology resource funds pursuant to section
42 15681, subsection 1, the sum of:

44

46 (1) The product of the elementary school level and
middle school level per-pupil amount for targeted
technology resource funds calculated pursuant to
section 15681, subsection 3 multiplied by the
48 kindergarten to grade 8 portion of the pupil count
calculated pursuant to section 15674, subsection 1,
paragraph C, subparagraph (1); and

50

2 (2) The product of the high school level per-pupil
4 amount for targeted technology resource funds
6 calculated pursuant of section 15681, subsection 3
multiplied by the grade 9 to 12 portion of the pupil
count calculated pursuant to section 15674, subsection
1, paragraph C, subparagraph (1); and

8
10 E. If the school administrative unit is eligible for
targeted kindergarten to grade 2 funds pursuant to section
15681, subsection 1, the product of the ~~per-pupil-guarantee~~
12 EPS per-pupil rate multiplied by the additional weight for
kindergarten to grade 2 calculated pursuant to section
14 15675, subsection 3+; and

16 F. An isolated small unit adjustment. A school
18 administrative unit is eligible for an isolated small school
adjustment when the unit meets the size and distance
20 criteria as established by the commissioner and approved by
the state board. The amount of the adjustment is the result
22 of adjusting the necessary student-to-staff ratios
determined in section 15679, subsection 2, the per-pupil
24 amount for operation and maintenance of plant in section
15680, subsection 1, paragraph B or other essential programs
26 and services components in chapter 606-B, as recommended by
the commissioner.

28 2. **Adjustments.** The base total calculated pursuant to
subsection 1 must be adjusted as follows.

30 ~~A. The base total calculated pursuant to subsection 1 must~~
32 ~~be reduced by the amount of all funds received by the school~~
~~administrative unit under Title I of the Federal Elementary~~
34 ~~and Secondary Education Act of 1965, 20 United States Code,~~
~~Section 6301 et seq. during the most recent fiscal year.~~

36 ~~B. The amount calculated pursuant to paragraph A must be~~
38 ~~adjusted by the regional adjustment pursuant to section~~
~~15682.~~

40 C. The amount calculated pursuant to paragraph B this
42 subsection excluding other subsidizable costs must be
multiplied by the essential programs and services transition
44 percentage for the appropriate year in accordance with
section 15671, subsection 7, paragraph A.

46 **Sec. D-48. 20-A MRS §15683**, as enacted by IB 2003, c. 2,
48 §1, is repealed.

50 **Sec. D-49. 20-A MRS §15683-A** is enacted to read:

2 **§15683-A. Total debt service allocation**

4 For each school administrative unit, that unit's total debt
6 service allocation is the base total defined in section 15683,
 subsection 1.

8 **Sec. D-50. 20-A MRSA §15684**, as enacted by PL 2003, c. 712,
10 §15 and IB 2003, c. 2, §1, is repealed.

12 **Sec. D-51. 20-A MRSA §15685**, as enacted by PL 2003, c. 504,
14 Pt. A, §6 and IB 2003, c. 2, §1, is repealed.

16 **Sec. D-52. 20-A MRSA §15688, sub-§1, ¶¶B and C**, as enacted by
18 PL 2003, c. 712, §17, are amended to read:

20 B. ~~The program cost allocation as used in chapter 606~~ other
22 subsidizable costs described in section 15681-A; and

24 C. The total debt service allocation ~~as used in chapter 606~~
26 described in section 15683-A.

28 **Sec. D-53. 20-A MRSA §15689, sub-§§1 and 3**, as enacted by PL
30 2003, c. 712, §17, are amended to read:

32 1. **Minimum state allocation.** Each school administrative
34 unit must be guaranteed a minimum state share of its total
36 allocation that is determined by the sum of the following:

38 A. Multiplying 5% of each school administrative unit's
40 essential programs and services per-pupil elementary rate by
42 the average number of resident kindergarten to grade 8
44 pupils as determined under section 15674, subsection 1,
46 paragraph C, subparagraph (1); and

48 B. Multiplying 5% of each school administrative unit's
50 essential programs and services per-pupil secondary rate by
 the average number of resident grade 9 to grade 12 pupils as
 determined under section 15674, subsection 1, paragraph C,
 subparagraph (1).

 These funds must be ~~included as part of an adjustment to~~ the
 school administrative unit's total state and local allocation as
 ~~computed under this chapter and not as an adjustment to the~~
 ~~school administrative unit's total allocation~~ after the state and
 local allocation has been adjusted for debt service pursuant to
 subsection 2.

 3. **Adjustment limitations.** The amounts of the adjustments
 paid to school administrative units or municipalities in

2 ~~subsections 1 and 2~~ pursuant to this section are limited to the
amounts appropriated by the Legislature for these adjustments.

4 **Sec. D-54. 20-A MRSA §15689, sub-§§4 to 6** are enacted to read:

6 4. Audit adjustments. The following provisions apply to
audit adjustments.

8
10 A. If errors are revealed by audit and by the commissioner,
the school administrative unit's state subsidy must be
adjusted to include corrections.

12
14 B. If audit adjustments are discovered after the funding
level is certified by the commissioner and the state board
on December 15th pursuant to section 15689-C, the department
may request the necessary additional funds, if any, to pay
for these adjustments. These amounts, if any, are in
addition to the audit adjustment amount certified by the
commissioner and state board on the prior December 15th.

20
22 5. Adjustment for cost of educating eligible students in
long-term drug treatment centers. A school administrative unit
that operates an educational program approved pursuant to chapter
24 327 to serve eligible students in licensed drug treatment centers
must be reimbursed in the year in which costs are incurred as
26 follows.

28 A. Reimbursements must be limited to a maximum of 12 state
average tuition rates a year for each approved plan.

30
32 B. The rate of reimbursement per student may not exceed the
state average tuition rates in effect during the year of
placement as computed under sections 5804 and 5805. The
tuition rates must be computed based on the state average
secondary tuition rate and may be adjusted if the program is
approved to operate beyond the 180-day school year.

38 6. Adjustment for uncertified personnel. The commissioner
shall reduce the state share of the total allocation to a school
40 administrative unit in the current year or following year by an
amount that represents the state share of expenditures for
42 salaries and benefits paid to uncertified personnel.

44 **Sec. D-55. 20-A MRSA §§15689-A to 15689-F** are enacted to read:

46 §15689-A. Authorization of payment of miscellaneous costs

1 1. Payment of state agency client costs. State agency
2 client costs are payable pursuant to this subsection. As used in
3 this subsection, "state agency client" has the same meaning as
4 defined in section 1, subsection 34-A.

6 A. The commissioner shall approve special education costs
7 and supportive services, including transportation, for all
8 state agency clients placed in residential placements by an
9 authorized agent of a state agency.

10 B. Special education costs authorized by this subsection
11 for state agency clients must be paid by the department in
12 the allocation year at 100% of actual costs.

13 C. The commissioner shall pay only approved special
14 education costs and supportive services, including
15 transportation, authorized by this subsection for state
16 agency clients and may not allocate for those special
17 education costs and supportive services, including
18 transportation, incurred by the school administrative unit
19 for state agency clients in the base years starting July 1,
20 1985, and every base year thereafter.

21 D. Transportation costs for state agency clients, when
22 provided in accordance with rules established by the
23 commissioner under section 7204, must be paid by the
24 department in the allocation year at 100% of actual costs.

25 2. Education of institutional residents. The commissioner
26 may pay tuition to school administrative units or private schools
27 for institutional residents within the limits of the allocation
28 made under this section.

29 3. Essential programs and services components contract.
30 The commissioner may contract for the updating of the essential
31 programs and services component with a statewide education
32 research institute.

33 4. Learning results implementation, assessment and
34 accountability. The commissioner may expend and disburse funds
35 limited to the amount appropriated by the Legislature to carry
36 out the purposes of Public Law 1995, chapter 649, sections 5 and
37 8.

38 5. Regionalization, consolidation and efficiency
39 assistance. The commissioner may expend and disburse funds
40 limited to the amount appropriated by the Legislature to carry
41 out the purposes of promoting regionalization, consolidation and
42 efficiency.

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2 6. Education research contract. The commissioner may
contract for the compilation and analysis of education data with
a statewide education research institute.

4
6 7. Laptop program. The commissioner may pay costs
attributed to the contracted support services and annual payments
for the middle school laptop program.

8
10 8. Emergency bus loan. The commissioner may pay annual
payments for the emergency bus loan.

12 9. Data management and support services for essential
programs and services. The commissioner may pay costs attributed
14 to system maintenance and staff support necessary to implement
the requirements of the Essential Programs and Services Funding
16 Act.

18 10. Disbursement limitations. The funds disbursed in
accordance with this section are limited to the amounts
20 appropriated by the Legislature for these purposes.

22 §15689-B. Authorization and schedules of payment of state
subsidy; appeals

24
26 1. Schedules of payment of unit allocation. The
commissioner shall authorize state subsidy payments to the school
administrative units to be made in accordance with time schedules
28 set forth in sections 15005, 15689-D and 15901 to 15910.

30 2. Notification of allocation; commissioner's duty;
superintendent's duty. The following provisions apply to
32 notification of allocation by the commissioner and each
superintendent.

34
36 A. The commissioner shall annually, prior to February 1st,
notify each school board of the estimated amount to be
allocated to the school administrative unit.

38
40 B. Each superintendent shall report to the municipal
officers whenever the school administrative unit is notified
42 of the allocation or a change is made in the allocation
resulting from an adjustment.

44 3. Payments of state subsidy to unit's treasurer; basis.
State subsidy payments must be made directly to the treasurer of
46 each school administrative unit. The payments must be based on
audited financial reports submitted by school administrative
48 units.

2 4. Appeals. A school board may appeal the computation of
3 state subsidy for the school administrative unit to the state
4 board in writing within 30 days of the date of notification of
5 the computed amount. The state board shall review the appeal and
6 make an adjustment if in its judgment an adjustment is justified.
7 The state board's decision is final as to facts supported by the
8 record of the appeal.

9
10 5. School purpose expense requirement. Notwithstanding any
11 other law, money allocated for school purposes may be expended
12 only for school purposes.

13
14 6. Balance of allocations. Notwithstanding any other law,
15 general operating fund balances at the end of a school
16 administrative unit's fiscal year must be carried forward to meet
17 the unit's needs in the next year or over a period not to exceed
18 3 years. Unallocated balances in excess of 3% of the previous
19 fiscal year's school budget must be used to reduce the state and
20 local share of the total allocation for the purpose of computing
21 state subsidy. School boards may carry forward unallocated
22 balances in excess of 3% of the previous year's school budget and
23 disburse these funds in the next year or over a period not to
24 exceed 3 years.

25
26 7. Required data; subsidy payments withheld. A school
27 administrative unit shall provide the commissioner with
28 information that the commissioner requests to carry out the
29 purposes of this chapter, according to time schedules that the
30 commissioner establishes. The commissioner may withhold monthly
31 subsidy payments from a school administrative unit when
32 information is not filed in the specified format and with
33 specific content and within the specified time schedules.

34
35 8. Unobligated balances. Unobligated balances from amounts
36 appropriated for general purpose aid for local schools may not
37 lapse but must be carried forward to the next fiscal year.

38 §15689-C. Commissioner's recommendation for funding levels;
39 computations

40
41 1. Annual recommendation. Prior to December 15th of each
42 year, the commissioner, with the approval of the state board,
43 shall recommend to the Governor and the Department of
44 Administrative and Financial Services, Bureau of the Budget the
45 funding levels that the commissioner recommends for the purposes
46 of this chapter.

47
48 2. Funding level computations. The following are the
49 funding level computations that support the commissioner's
50 funding level recommendations:

2 A. The requested funding levels for the operating
4 allocation under section 15683;

6 B. The requested funding levels for debt service under
8 section 15683-A, which are as follows:

10 (1) The known obligations and estimates of anticipated
12 principal and interest costs for the allocation year;

14 (2) The expenditures for the insured value factor for
16 the base year;

18 (3) The level of lease payments and lease-purchase
20 payments pursuant to section 15672, subsection 2-A for
22 the year prior to the allocation year; and

24 (4) Funds allocated by the state board for new school
26 construction projects funded in the current fiscal year;

28 C. The requested funding levels for adjustments under
30 section 15689, which must be computed by estimating costs
32 for the allocation year; and

34 D. The requested funding levels for miscellaneous costs
36 under section 15689-A.

38 3. Guidelines for updating other subsidizable costs. The
40 commissioner's recommendation for updating percentages to bring
42 base year actual costs to the equivalent of one-year-old costs
44 may not exceed the average of the 2 most recent percentages of
46 annual increase in the Consumer Price Index.

48 §15689-D. Governor's recommendation for funding levels

50 The Department of Administrative and Financial Services,
Bureau of the Budget shall annually certify to the Legislature
the funding levels that the Governor recommends under sections
15683, 15683-A, 15689 and 15689-A. The Governor's
recommendations must be transmitted to the Legislature within the
time schedules set forth in Title 5, section 1666.

§15689-E. Actions by Legislature

The Legislature shall annually, prior to March 15th, enact
legislation to:

1. Appropriation for state share of adjustments, debt
service and operating; single account. Appropriate the necessary
funds for the State's share for general purpose aid for local

2 schools with a separate amount for each of the following
3 components:

4 A. Adjustments and miscellaneous costs described in
5 sections 15689 and 15689-A, including an appropriation for
6 special education pupils placed directly by the State, for:

8 (1) Tuition and board for pupils placed directly by the
9 State in accordance with rules adopted or amended by
10 the commissioner; and

12 (2) Special education tuition and other tuition for
13 residents of state-operated institutions attending
14 programs in school administrative units or private
15 schools in accordance with rules adopted or amended by
16 the commissioner; and

18 B. The state share of the total operating allocation and
19 the total debt service allocation described in sections
20 15683 and 15683-A; and

22 2. Local cost share expectation. Establish the local cost
23 share expectation described in section 15671-A.

24 Funds for appropriations under this section must be placed
25 in a single account.

28 **§15689-F. Actions by department**

30 Within the annual appropriations, the department shall
31 follow the procedures described in this section.

32 1. State's obligation. If the State's continued obligation
33 for any program provided by one of the appropriated amounts under
34 section 15689-E exceeds the appropriated amount, any unexpended
35 balance from another of those appropriated amounts may be applied
36 by the commissioner toward the obligation for that program.

38 2. Cash flow. For the purpose of cash flow, the
39 commissioner may pay the full state and local share of the
40 payment amounts due on bond issues for school construction from
41 that school administrative unit's state subsidy, excluding
42 payments on non-state-funded projects. This subsection does not
43 apply if a school administrative unit has less subsidy than the
44 total principal and interest payment on bonds.

46 **Sec. D-56. 20-A MRS §§15690 to 15695 are enacted to read:**

48 **§15690. Local appropriations**

50

2 Beginning with the budget for the 2005-2006 school year, the
3 following provisions apply to local appropriations for school
4 purposes.

5 1. School administrative unit contribution to total cost of
6 funding public education from kindergarten to grade 12. The
7 legislative body of each school administrative unit may vote to
8 raise and appropriate an amount up to the local share of the
9 school administrative unit's contribution to the total cost of
10 funding public education from kindergarten to grade 12 as
11 described in section 15688.

12 A. For a municipal school unit, an article in substantially
13 the following form must be used when a single municipal
14 school administrative unit is considering the appropriation
15 of the local share of the school administrative unit's
16 contribution to the total cost of funding public education
17 from kindergarten to grade 12 as described in section 15688.

18
19
20 (1) "Article _____ : To see what sum the municipality
21 will appropriate for the school administrative unit's
22 contribution to the total cost of funding public
23 education from kindergarten to grade 12 as described in
24 the Essential Programs and Services Funding Act
25 (Recommend \$ _____) and to see what sum the
26 municipality will raise as the municipality's
27 contribution to the total cost of funding public
28 education from kindergarten to grade 12 as described in
29 the Essential Programs and Services Funding Act in
30 accordance with the Maine Revised Statutes, Title 20-A,
31 section 15688. (Recommend \$ _____.)"

32
33
34 (2) The following statement must accompany the article
35 in subparagraph (1). "Explanation: The school
36 administrative unit's contribution to the total cost of
37 funding public education from kindergarten to grade 12
38 as described in the Essential Programs and Services
39 Funding Act is the amount of money determined by state
40 law to be the minimum amount that a municipality must
41 raise in order to receive the full amount of state
42 dollars."

43
44 B. For a school administrative district or a community
45 school district, an article in substantially the following
46 form must be used when the school administrative district or
47 community school district is considering the appropriation
48 of the local share of the school administrative unit's
49 contribution to the total cost of funding public education
50 from kindergarten to grade 12 as described in section 15688.

2 (1) "Article : To see what sum each municipality
3 will appropriate for the school administrative unit's
4 contribution to the total cost of funding public
5 education from kindergarten to grade 12 as described in
6 the Essential Programs and Services Funding Act and to
7 see what sum each municipality will raise as each
8 municipality's contribution to the total cost of
9 funding public education from kindergarten to grade 12
10 as described in the Essential Programs and Services
11 Funding Act in accordance with the Maine Revised
12 Statutes, Title 20-A, section 15688 (Recommends):

<u>Total cost by</u>	<u>Municipal local</u>
<u>municipality</u>	<u>contribution</u>
<u>Town A (\$amount)</u>	<u>Town A (\$amount)</u>
<u>Town B (\$amount)</u>	<u>Town B (\$amount)</u>
<u>Town C (\$amount)</u>	<u>Town C (\$amount)</u>
<u>School District</u>	<u>School District</u>
<u>Total (\$sum of above)</u>	<u>Total (\$sum of</u> <u>above)</u>

26 (2) The following statement must accompany the article
27 in subparagraph (1). "Explanation: The school
28 administrative unit's contribution to the total cost of
29 funding public education from kindergarten to grade 12
30 as described in the Essential Programs and Services
31 Funding Act is the amount of money determined by state
32 law to be the minimum amount that each municipality
33 must raise in order to receive the full amount of state
34 dollars."

36 C. The state share of the total cost of funding public
37 education from kindergarten to grade 12 as described in
38 section 15688, excluding state-funded debt service for each
39 school administrative unit, is limited to the same
40 proportion as the local school administrative unit raises of
41 its local share of the school administrative unit's
42 contribution to the total cost of funding public education
43 from kindergarten to grade 12 as described in section 15688,
44 excluding state-funded debt service.

46 2. Non-state-funded debt service. For each school
47 administrative unit's contribution to debt service for
48 non-state-funded major capital school construction projects or
49 non-state-funded portions of major capital school construction
50 projects, the legislative body of each school administrative unit

2 may vote to raise and appropriate an amount up to the
3 municipality's or district's annual payments for non-state-funded
4 debt service.

6 A. An article in substantially the following form must be
7 used when a school administrative unit is considering the
8 appropriation for debt service allocation for
9 non-state-funded school construction projects or
10 non-state-funded portions of school construction projects.

12 (1) "Article : To see what sum the (municipality
13 or district) will raise for the annual debt service
14 payments on a non-state-funded school construction
15 project or non-state-funded portion of a school
16 construction project in addition to the funds
17 appropriated as the local share of the school
18 administrative unit's contribution to the total cost of
19 funding public education from kindergarten to grade
20 12. (Recommend \$.)"

22 (2) The following statement must accompany the article
23 in subparagraph (1). "Explanation: Non-state-funded
24 debt service is the amount of money needed for the
25 annual payments on the (municipality's or district's)
26 long-term debt for major capital school construction
27 that is not approved for state subsidy. The bonding of
28 this long-term debt was approved by the voters on (date
29 of original referendum)."

30 3. Additional local appropriation. A school administrative
31 unit may raise and expend funds for educational purposes in
32 addition to the funds under subsections 1 and 2.

34 A. An article in substantially the following form must be
35 used when a school administrative unit is considering the
36 appropriation of additional local funds:

38 (1) "Article : To see what sum the (municipality
39 or district) will raise and to appropriate the sum of
40 (Recommend \$) in additional local funds for school
41 purposes under the Maine Revised Statutes, Title 20-A,
42 section 15690. (Recommend \$.)"

44 (2) The following statement must accompany the article
45 in subparagraph (1). "Explanation: The additional
46 local funds are those locally raised funds over and
47 above the school administrative unit's local
48 contribution to the total cost of funding public
49 education from kindergarten to grade 12 as described in
50 the Essential Programs and Services Funding Act and

2 local amounts raised for the annual debt service
4 payment on non-state-funded school construction
6 projects or the non-state-funded portion of a school
8 construction project that will help achieve the
10 (municipality's or district's) budget for educational
12 programs."

14 B. An article in substantially the following form must also
16 be used when a school administrative unit is considering an
18 appropriation of additional local funds that exceeds the
20 maximum state and local spending target defined in section
22 15671-A, subsection 4.

24 (1) "Article : Do you favor adopting a budget
26 that exceeds those costs considered reasonably
28 necessary according to the essential programs and
30 services funding model by (Recommend \$.) for the
32 purpose of (insert purpose)?"

34 4. Total budget article. A school administrative unit must
36 include a summary article indicating the total annual budget for
38 funding public education from kindergarten to grade 12 in the
40 school administrative unit. The amount recommended must be the
42 gross budget of the school system. This article does not provide
44 money unless the other articles are approved.

46 A. "Article : To see what sum the (municipality' or
48 district) will authorize the school committee to expend for
50 the fiscal year beginning (July 1,) and ending (June
52 30,) from the school administrative unit's contribution
54 to the total cost of funding public education from
56 kindergarten to grade 12 as described in the Essential
58 Programs and Services Funding Act, non-state-funded school
60 construction projects, additional local funds for school
62 purposes under the Maine Revised Statutes, Title 20-A,
64 section 15690, unexpended balances, tuition receipts, state
66 subsidy and other receipts for the support of schools.
68 (Recommend \$.)"

70 5. Vote. Actions taken pursuant to subsections 1 to 4 must
72 be taken by a recorded vote.

74 6. Administrative costs for units with no pupils. If a
76 school administrative unit is required to pay administrative
78 costs and has no allocation of state or local funds, that unit
80 may raise and expend funds for administrative costs.

82 §15691. Municipal assessment paid to district

2 1. Presentation of assessment schedule. The assessment
3 schedule based on the budget approved at a community school
4 district or school administrative district budget meeting must be
5 presented to the treasurer of each municipality that is a member
6 of the district.

7 The assessment schedule must include each member municipality's
8 share of the school administrative unit's contribution to the
9 total cost of funding public education from kindergarten to grade
10 12 as described in section 15688, the school administrative
11 unit's contribution to debt service for non-state-funded school
12 construction projects and additional local funds for school
13 purposes under section 15690.

14 2. Municipal treasurer's payment schedule. The treasurer of
15 the member municipality, after being presented with the
16 assessment schedule, shall forward 1/12 of that member
17 municipality's share to the treasurer of the district on or
18 before the 20th day of each month of the fiscal year beginning in
19 July.

20 **§15692. Special school districts**

21 1. School administrative unit. For the purposes of section
22 15695 and Title 20, sections 3457 to 3460, a special school
23 district is deemed to be a school administrative unit.

24 2. Debt service. Debt service on bonds or notes issued by a
25 special school district must be included in the school budget of
26 the school administrative unit that operates the schools
27 constructed by that district. The school board for the school
28 administrative unit that operates the special district's schools
29 shall pay to the special school district all sums necessary to
30 meet the payments of principal and interest on bonds or notes
31 when due and to cover maintenance or other costs for which the
32 special school district is responsible.

33 **§15693. School budget; budget formats**

34 1. Content. A school administrative unit shall include in
35 its school budget document:

36 A. The school administrative unit's total cost of funding
37 public education from kindergarten to grade 12, its
38 non-state-funded debt service, if any, and any additional
39 expenditures authorized by law;

40 B. A summary of anticipated revenues and estimated school
41 expenditures for the fiscal year; and

2 C. The following statement, including the estimated dollar
3 amount of state retirement payments: "This budget does not
4 include the estimated amount of \$ _____ in employer share
5 of teacher retirement costs that is paid directly by the
6 State."

7 2. Budget deadlines. The following time limitations apply
8 to adoption of a school budget under this section.

10 A. At least 7 days before the initial meeting of the
11 legislative body responsible for adopting a budget, the
12 school administrative unit shall provide a detailed budget
13 document to that legislative body and to any person who
14 requests one and resides within the geographic area served
15 by the school administrative unit.

16 B. Notwithstanding a provision of law or charter to the
17 contrary, school administrative units may adopt an annual
18 budget prior to June 30th. The school budgets for career
19 and technical education regions must be adopted on or before
20 August 1st.

21 C. Notwithstanding any municipal charter provision,
22 ordinance or other law to the contrary, if the level of
23 state subsidy for the next school year is not finalized in
24 accordance with this chapter before June 1st, the school
25 board may delay a school budget meeting otherwise required
26 to be held before July 1st to a date after July 1st. If a
27 school board elects to delay a school budget meeting under
28 this paragraph, the meeting must be held and the budget
29 approved within 30 days of the date the commissioner
30 notifies the school board of the amount allocated to the
31 school administrative unit under section 15689-B. When a
32 school budget meeting is delayed under this paragraph, the
33 school administrative unit may continue operation of the
34 unit at the same budget levels as were approved for the
35 previous year. Continued operation under the budget for the
36 previous year is limited to the time between July 1st and
37 the date the new budget goes into effect.

38 3. Budget format. The following provisions apply to a
39 budget format.

40 A. Except as provided in subsection 4, the budget format is
41 that prescribed by a majority of the school board until an
42 article prescribing the school budget format is approved by
43 a majority of voters in an election in which the total vote
44 is at least 20% of the number of votes cast in the
45 municipality in the last gubernatorial election, or 200,
46 whichever is less.

2 B. The format of the school budget may be determined in
3 accordance with section 1306.

4

5 C. It is the intent of the Legislature that a school board
6 shall attempt to obtain public participation in the
7 development of the school budget format.

8

9 4. Budget format; town or city charter. In a municipality
10 where the responsibility for final adoption of the school budget
11 is vested by municipal charter in a council, the school budget
12 format may be changed through amendment of the charter under the
13 home rule procedures of Title 30-A, chapter 111, except that the
14 amendment must be approved by a majority of voters in an election
15 in which the total vote is at least 20% of the number of votes
16 cast in the municipality in the last gubernatorial election.

17 5. Budget format; town meeting. When the final budget
18 authority is vested in a town meeting operating under the general
19 enabling procedures of Title 30-A, the format of the school
20 budget may be determined by the town meeting or under the
21 procedures of Title 30-A, section 2522 or 2528.

22

23 6. Budget format; community school district. The following
24 provisions apply to the budget format of a community school
25 district.

26

27 A. An article containing the district's proposed budget
28 format must be placed on the next warrant issued or ballot
29 printed if:

30

31 (1) A majority of the district school committee votes
32 to place it on the warrant or ballot; or

33

34 (2) A written petition signed by at least 10% of the
35 number of voters voting in the last gubernatorial
36 election in each municipality within the community
37 school district requests it to be on the warrant or
38 ballot.

39

40 B. The article containing the budget format may be voted on
41 by secret ballot at an election conducted in accordance with
42 Title 30-A, sections 2528 to 2532.

43

44 C. The district school committee shall:

45

46 (1) Issue a warrant specifying that the municipal
47 officers of the municipalities within the community
48 school district shall place the budget format article
49 on the secret ballot; and
50

2 (2) Prepare and furnish the required number of ballots
4 for carrying out the election, including absentee
 ballots.

6 7. Budget format; articles. The articles prescribed in this
7 chapter must be included in the budget format and be voted on in
8 the adoption of the budget in order to determine state and local
 cost sharing.

10 8. Change in budget format. Any change in the budget format
12 must be voted on at least 90 days prior to the budget year for
14 which that change is to be effective.

16 §15694. Actions on budget

18 The following provisions apply to approving a school budget
 under this chapter.

20 1. Checklist required. Prior to a vote on articles dealing
22 with school appropriations, the moderator of a regular or special
24 school budget meeting shall require the clerk or secretary to
26 make a checklist of the registered voters present. The number of
 voters listed on the checklist is conclusive evidence of the
 number present at the meeting.

28 2. Reconsideration. Notwithstanding any law to the
30 contrary, in school administrative units where the school budget
32 is finally approved by the voters, a special budget meeting to
 reconsider action taken on the budget may be called only as
 follows.

34 A. The meeting must be held within 30 days of the regular
 budget meeting at which the budget was finally approved.

36 B. In a school administrative district or community school
38 district, the meeting must be called by the school board or
 as follows.

40 (1) A petition containing a number of signatures of
42 legal voters in the member municipalities of the school
44 administrative unit equalling at least 10% of the
46 number of voters who voted in the last gubernatorial
48 election in member municipalities of the school
 administrative unit, or 100 voters, whichever is less,
 and specifying the article or articles to be
 reconsidered must be presented to the school board
 within 15 days of the regular budget meeting at which
 the budget was finally approved.

50

2 (2) On receiving the petition, the school board shall
3 call the special budget reconsideration meeting, which
4 must be held within 15 days of the date the petition
5 was received.

6 C. In a municipality, the meeting must be called by the
7 municipal officers:

8
9 (1) Within 15 days after receipt of a request from the
10 school board, if the request is received within 15 days
11 of the budget meeting at which the budget was finally
12 approved and it specifies the article or articles to be
13 reconsidered; or

14
15 (2) Within 15 days after receipt of a written
16 application presented in accordance with Title 30-A,
17 section 2532, if the application is received within 15
18 days of the budget meeting at which the budget was
19 finally approved and it specifies the article or
20 articles to be reconsidered.

21 3. Invalidation of action of special budget reconsideration
22 meeting. If a special budget meeting is called to reconsider
23 action taken at a regular budget meeting, the actions of the
24 meeting are invalid if the number of voters at the special budget
25 meeting is less than the number of voters present at the regular
26 budget meeting.

27
28 4. Line-item transfers. Meetings requested by a school
29 board for the purpose of transferring funds from one category or
30 line item to another must be posted for voter or council action
31 within 15 days of the date of the request.

32
33 §15695. Bonds; notes; other

34
35 All bonds, notes or other evidences of indebtedness issued
36 for school purposes by a school administrative unit for major
37 capital expenses, bus purchases or current operating expenses,
38 including tax or other revenue anticipation notes, are general
39 obligations of the unit.

40
41 1. Tax assessments. The municipal officers or school board
42 shall require the sums that are necessary to meet in full the
43 principal of and interest on the bonds, notes or other evidences
44 of indebtedness issued pursuant to this section payable in each
45 year to be assessed and collected in the manner provided by law
46 for the assessment and collection of taxes.

47
48 2. Reduction. The sums to be assessed and collected under
49 subsection 1 must be reduced by the amount of an allocation of
50

2 funds appropriated by the Legislature to pay the principal and
3 interest owed by the school administrative unit in a given year
4 as certified to the unit by the commissioner. The commissioner
5 shall certify the amount due to the unit within 30 days of its
6 appropriation by the Legislature.

7 3. Collection. After assessment and reduction under
8 subsection 2, the remaining sum must be paid from ad valorem
9 taxes, which may be levied without limit as to rate or amount
10 upon all the taxable property within the school administrative
11 unit.

12 Sec. D-57. 20-A MRSA c. 608 is enacted to read:

13 CHAPTER 608

14 SCHOOL FINANCE ACT OF 2003

15 §15751. Short title

16 This chapter may be known and cited as "the School Finance
17 Act of 2003."

18 §15752. Mandated legislative appropriations for kindergarten
19 to grade 12 education

20 The Legislature each year shall provide at least 55% of the
21 cost of the total allocation for kindergarten to grade 12
22 education from General Fund revenue sources as established in
23 chapter 606-B.

24 For the purposes of this chapter, and until such time as the
25 Legislature may implement an alternative school funding system,
26 "total allocation" means the foundation allocation for a year,
27 the debt service allocation for that year, the sum of all
28 adjustments for that year and the total of the additional local
29 appropriations for the prior year. In the event the Legislature
30 implements an alternative school funding model that alters the
31 meaning of the terms used in this Title or otherwise makes
32 obsolete the system of allocations and local appropriations
33 established by this Title, the term "total allocation" as it
34 applies to the mandatory appropriation required by this section
35 means the amount reasonably calculated as the equivalent of this
36 definition.

37 §15753. Mandated legislative appropriations for special education

38 The Legislature shall provide 100% of the state and local
39 cost of providing all special education services mandated under

2 federal or state law, rule or regulation as established in
chapter 606-B.

4 For the purposes of the mandatory appropriation required by
6 this section, and in accordance with the essential programs and
8 services school funding allocation system established in chapter
10 606-B, the commissioner shall identify and provide in the
12 commissioner's recommendation pursuant to section 15689-C the
14 total costs to the individual school administrative units
16 associated with providing all special education services mandated
18 under federal or state law, rule or regulation for the school
20 year associated with the commissioner's recommendation. In
22 addition to any appropriations required by section 15689-E, the
24 Legislature shall appropriate and ensure the accurate
26 distribution of the total amount identified by the commissioner,
28 adjusted by the federal reimbursements for the costs of special
30 education services mandated by federal or state law, rule or
32 regulation that will be provided to the individual school
34 administrative units for that same school year.

20 **§15754. Fund for the Efficient Delivery of Educational Services**

22 The Fund for the Efficient Delivery of Educational Services,
24 referred to in this section as "the fund," is established.

26 Two percent of the funds annually appropriated pursuant to
28 this chapter must be dedicated to the fund and distributed from
30 the fund to those school administrative units and municipalities
32 that can demonstrate significant and sustainable savings in the
34 cost of delivering educational services through changes in
36 governance, administrative structure or adopted policy that
38 result in the creation of consolidated school administrative
40 units, broad-based purchasing alliances, enhanced regional
42 delivery of educational services or collaborative
44 school-municipal service delivery or service support systems.

36 **§15755. Entitlement**

38 The State's school administrative units and municipalities
40 are entitled to the appropriations required by this chapter.

42 **Sec. D-58. 30-A MRSA §6006-F, sub-§6,** as enacted by PL 1997,
44 c. 787, §13, is amended to read:

46 **6. Forgiveness of principal payments.** The fund must
48 provide direct grants by forgiving the principal payments of a
loan for an eligible school administrative unit. The amount of
the forgiveness of principal payments must be determined by the
school administrative unit's state share percentage of--debt

2 ~~service-costs~~ as determined in Title 20-A, section ~~15611~~ 15672,
sub~~section~~ 31, not to exceed:

4 A. Seventy percent and no less than 30% for health, safety
and compliance;

6 B. Seventy percent and no less than 30% for repairs and
8 improvements; and

10 C. ~~Fifty~~ Seventy percent and no less than ~~20%~~ 30% for
12 learning space upgrades.

14 **Sec. D-59. Application.** This Part applies to school budgets
passed for the fiscal year beginning July 1, 2005, and thereafter.

16 **Sec. D-60. Effective date.** This Part takes effect July 1, 2005.

18 **PART E**

20 **Sec. E-1. 30-A MRSA §5681, sub-§5, ¶¶A and B,** as amended by PL
22 2003, c. 20, Pt. W, §1, are further amended to read:

24 A. For months beginning before July 1, ~~2005~~ 2007, 5.1%; and

26 B. For months beginning on or after July 1, ~~2005~~ 2007, 5.2%.

28 **Sec. E-2. Calculation and transfer.** Notwithstanding any other
provision of law, the State Budget Officer shall calculate the
30 amount of savings in Part B, section 1 that applies against each
General Fund account for all departments and agencies from
32 extending the amortization schedule of the unfunded liability and
shall transfer the amounts by financial order upon the approval
34 of the Governor. These transfers are considered adjustments to
appropriations in fiscal years 2005-06 and 2006-07. The State
36 Budget Officer shall provide the joint standing committee of the
Legislature having jurisdiction over appropriations and financial
38 affairs a report of the transferred amounts no later than January
15, 2007.

40 **Sec. E-3. Calculation and transfer.** Notwithstanding any other
42 provision of law, the State Budget Officer shall calculate the
amount of savings in Part B, section 1 that applies against each
44 Other Special Revenue Funds account for all departments and
agencies from extending the amortization schedule of the unfunded
46 liability and shall transfer the calculated amounts to the
General Fund by financial order upon the approval of the
48 Governor. These transfers are considered adjustments to

PART C

2

Part C establishes the mill rate factor and statewide local and state share contributions to the total cost of funding public education from kindergarten to grade 12 for fiscal year 2005-06. It establishes the debt service allocation, miscellaneous adjustments and recommended appropriation level for fiscal year 2005-06.

4

6

8

10

PART D

12

Part D does the following.

14

It establishes a cap on total education costs. It also requires the State to increase its share of school funding by paying 50% of the total cost of essential programs and services in fiscal year 2006-07 and 55% in fiscal year 2008-09. As a result of this increased state aid to education, 90% of every dollar of the additional state aid are available for property tax reduction. The funds made available for property tax reduction must reduce property taxes. This property tax reduction may be overridden only by a majority vote of affected voters.

16

18

20

22

24

It also corrects a numbering problem created when Public Law 2003, chapter 504, Part A, section 6 and Initiated Bill 2003, chapter 2 both enacted substantively different provisions with the same section numbers.

26

28

PART E

30

Part E does the following.

32

It delays to July 1, 2007 the increase from 5.1% to 5.2% in municipal revenue sharing.

34

36

It requires the calculation and transfer of statewide savings in the General Fund, Highway Fund and Other Special Revenue funds from extending the amortization schedule of the unfunded liability of the Maine State Retirement System for fiscal years 2005-06 and 2006-07 that are identified in Part B, section 1.

38

40

42

It authorizes transfers of positions by financial order between accounts and between departments and authorizes the transfer of any available balances of appropriations and allocations between line categories, accounts and departments in fiscal year 2005-06 and fiscal year 2006-07 and balances by financial order between accounts and between departments.

44

46

48

50

PART F



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AUGUSTA, MAINE

L.D. 468

DATE: 3/22/5 MAJORITY (Filing No. H-35)

APPROPRIATIONS AND FINANCIAL AFFAIRS

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
122ND LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 343, L.D. 468, Bill, "An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds, and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2006 and June 30, 2007"

Amend the bill by striking out the title and substituting the following:

'An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds, and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2005, June 30, 2006 and June 30, 2007'

Further amend the bill by striking out everything after the title and before the summary and inserting in its place the following:

'Emergency preamble. Whereas, acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, the 90-day period may not terminate until after the beginning of the next fiscal year; and

Whereas, certain obligations and expenses incident to the operation of state departments and institutions will become due and payable immediately; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately

COMMITTEE AMENDMENT

Services \$742,331,574 \$837,453,898

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4 **Sec. C-4. Limit of State's obligation.** If the State's continued
6 obligation for any individual component contained in section 2 of
8 this Part exceeds the level of funding provided for that
10 component, any unexpended balances occurring in other programs
12 may be applied to avoid proration of payments for any individual
14 component. Any unexpended balances from section 2 of this Part
16 may not lapse but must be carried forward for the same purpose.

18 **Sec. C-5. Authorization of payments.** Sections 1 to 4 of this
20 Part may not be construed to require the State to provide
22 payments that exceed the appropriation of funds for general
24 purpose aid for local schools for the fiscal year beginning July
26 1, 2005 and ending June 30, 2006.

18 PART D

20 **Sec. D-1. 20-A MRSA §8606-A, sub-§2, ¶C,** as amended by PL
22 2005, c. 2, Pt. D, §30 and affected by §§72 and 73, is further
24 amended to read:

26 C. The recommendation in the commissioner's funding level
28 certification must include local adult education program
30 cost adjustment to the equivalent of the year prior to the
32 year of allocation. This adjustment is calculated according
34 to the same guidelines established, for purposes of chapter
36 606-B, by section 15689-C, subsection 3.

38 **Sec. D-2. 20-A MRSA §15681, sub-§1, ¶C,** as enacted by PL 2003,
40 c. 504, Pt. A, §6, is amended to read:

42 C. To receive targeted kindergarten to grade 2 funds
44 calculated pursuant to subsection 4, the school
46 administrative unit must be in compliance with any
48 applicable reporting requirements for local early childhood
programs. Any program must be in compliance with chapter
203, subchapter 2.

Sec. D-3. 20-A MRSA §15689-A, sub-§§8 to 10 are enacted to
read:

44 **8. Laptop program.** The commissioner may pay costs
46 attributed to the contracted support services and annual payments
48 for a program that provides laptop computers to middle school
students.

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PART TT

Sec. TT-1. 22 MRSA §1552, sub-§1, as amended by PL 2003, c. 673, Pt. CC, §1, is further amended to read:

1. Application process; license fees. An applicant for an annual retail tobacco license shall file an application in the form required by the department. The department shall make provisions for applications under this section. The fee for a retail tobacco license ~~is--\$50--annually~~ must be determined annually by the department by rulemaking. The applicant shall enclose the fee with the application for the license. Rules adopted pursuant to this section are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

Sec. TT-2 Tobacco fee calculation and revenue requirements. Beginning July 1, 2005, the Department of Health and Human Services shall implement a sliding-scale license fee based on the relative size of retail tobacco licensees. In determining the sliding-scale license fee, the department may rely on a number of measures of the relative size of the licensee, including, but not limited to: total sales, total cigarette sales, total square footage of the retail establishment and the relative size of the retailer's cigarette display. The sliding-scale license fees assessed under this Part must generate total revenues per year no less than the revenues that would be generated by a \$100 flat annual fee applied to all retail tobacco licensees.

PART UU

Sec. UU-1. 20-A MRSA §15671, sub-§6, as amended by PL 2005, c. 2, Pt. D, §33 and affected by §§72 and 73, is further amended to read:

6. Targeted funds. Funds for technology, assessment and the costs of additional investments in educating children in kindergarten to grade 2 as described in section 15681 must be provided as targeted ~~grants~~ allocations. School administrative units shall submit a plan for the use of these funds and shall receive funding based on approval of the plan by the commissioner.

Sec. UU-2. 20-A MRSA §15675, sub-§1, as amended by PL 2005, c. 2, Pt. D, §38 and affected by §§72 and 73, is further amended to read:

1. **Limited English proficiency students.** The additional weights for school administrative units with limited English proficiency students are as follows:

A. For a school administrative unit with 15 or fewer limited English proficiency students, the unit receives an additional weight of .50 per student;

B. For a school administrative unit with more than 15 and fewer than 251 limited English proficiency students, the unit receives an additional weight of .30 per student; and

C. For a school administrative unit with 251 or more limited English proficiency students, the unit receives an additional weight of .60 per student; and

D. Notwithstanding paragraphs A, B and C and for fiscal year 2005-06 only, a school administrative unit that receives an allocation for limited English proficiency students and that has more than 15 and fewer than 26 limited English proficiency students is eligible for an adjustment to its allocation for limited English proficiency students that is the difference between the amount that the school unit would have received under the calculation described in paragraph B and the amount that is calculated when the school unit receives for the first 15 students a weight of .50 instead of .30 as otherwise required under paragraph B. This paragraph is repealed June 30, 2006.

Eligibility for state funds under this subsection is limited to school administrative units that are providing services to limited English ~~profieient~~ proficiency students through programs approved by the department.

Sec. UU-3. 20-A MRSA §15681-A, sub-§3, as enacted by PL 2005, c. 2, Pt. D, §44 and affected by §§72 and 73, is amended to read:

3. Transportation costs. For fiscal year 2005-06, the commissioner, using information provided by a statewide education policy research institute, shall establish a per-pupil transportation cost for each school administrative unit based on an analysis of the most recent year's reported transportation expenditures and a predicted per-pupil transportation cost based on the number of resident pupils, the number of miles of Class 1 to Class 5 roads in the school administrative unit and any approved adjustments. In fiscal year 2005-06 the established per-pupil transportation cost for each school administrative unit is the most recent year's reported transportation expenditures or predicted per-pupil transportation cost, plus 10%, whichever is

2 lower. Beginning in fiscal year 2006-07, and for each subsequent
3 fiscal year, the per-pupil transportation costs for each school
4 administrative unit are its established costs for the most recent
5 year adjusted by the Consumer Price Index or other comparable
6 index. For fiscal years 2005-06 and 2006-07, in no case may the
7 per-pupil transportation costs for a school administrative unit
8 be less than 75% of the established costs for the most recent
9 fiscal year, except that for fiscal year 2005-06 only the
10 per-pupil transportation costs for a school administrative
11 district or a community school district that has more than 1,250
12 resident pupils in the school district may not be less than 90%
13 of the established costs for the most recent fiscal year. Every
14 3 years, the commissioner, using information provided by a
15 statewide education policy research institute, shall examine and
16 may adjust reported transportation expenditures and predicted
17 transportation costs. The commissioner shall develop an appeals
18 procedure for established per-pupil transportation costs for
19 school administrative units;

20 Sec. UU-4. 20-A MRS §15686, sub-§1, as enacted by PL 2005,
21 c. 2, Pt. D, §52 and affected by §§72 and 73, is repealed and the
22 following enacted in its place:

23 1. Adjustment in fiscal year 2005-06. A school
24 administrative unit is eligible for a transition adjustment in
25 fiscal year 2005-06 according to the provisions of this
26 subsection.

27 A. A school administrative unit is eligible to receive a
28 transition adjustment in fiscal year 2005-06 if the school
29 administrative unit's state share of the total allocation,
30 including the debt service adjustment pursuant to section
31 15689, subsection 2, and the minimum state share of its
32 total allocation pursuant to section 15689, subsection 1 is
33 less than the fiscal year 2004-05 state share of its total
34 allocation, including the minimum state share of its total
35 allocation pursuant to former section 15689, subsection 1
36 and the adjustment for geographic isolation pursuant to
37 section 15612, subsection 2. The state share adjustment is
38 an amount equal to that difference less the losses due to
39 reduced expenditures for buses, debt service, special
40 education, gifted and talented education and vocational
41 education.

42 (1) A school administrative unit that meets the
43 criteria under this paragraph is eligible to receive no
44 less than a 5% transition adjustment in fiscal year
45 2005-06 if the school administrative unit operates an
46 elementary or secondary school and also has a student
47 count of less than 1,000.

2 (2) A school administrative unit that meets the
4 criteria under this paragraph is eligible to receive no
6 less than a 2.5% transition adjustment in fiscal year
8 2005-06 if the school administrative unit operates an
 elementary or secondary school and also has a student
 count of 1,000 or more.

10 B. A small school administrative unit is eligible to
12 receive a transition adjustment in fiscal year 2005-06 if
14 the school administrative unit operates an elementary or
16 secondary school, raises the maximum local cost share
18 expectation pursuant to section 15671-A and also has a
 student count of less than 500. A school administrative
 unit that meets these criteria is eligible to receive 86%
 instead of 84% of the base total calculated pursuant to
 section 15683, subsection 2 in fiscal year 2005-06.

20 **Sec. UU-5. Fund for the Efficient Delivery of Educational Services;**
22 **grant program for cost-effective small schools.** In developing the
24 implementation plan for the Fund for Efficient Delivery of
26 Educational Services as required pursuant to Public Law 2005,
28 chapter 2, Part D, section 66, the Commissioner of Education
 shall review the delivery of educational programs and services
 in small school administrative units and shall design a grant
 program to promote the preservation of cost-effective community
 schools in small school administrative units in the State.

30 **Sec. UU-6. Study of high-performing and cost-effective small**
32 **schools.** The Maine Education Policy Research Institute within the
34 University of Southern Maine shall conduct a review of
36 high-performing and cost-effective small schools in the State.
38 The steering committee of the Maine Education Policy Research
40 Institute shall include a targeted research project to the fiscal
42 year 2005-06 work plan to permit the principal investigators of
44 the Maine Education Policy Research Institute to provide such
46 technical assistance as may be required to complete this study.
48 The Maine Education Policy Research Institute may receive input
 from the Joint Standing Committee on Education and Cultural
 Affairs regarding the expectations of the Legislature with
 respect to the completion of this study. Based upon its
 analyses, the Maine Education Policy Research Institute shall
 develop models of small schools that are both high-performing and
 cost-effective. The Maine Education Policy Research Institute
 shall report its findings and recommendations, including the
 characteristics of high-performing and cost-effective small
 schools and proposed adjustments to the cost components of the
 Essential Programs and Services Funding Act, to the Joint
 Standing Committee on Education and Cultural Affairs by November

Institute within the University of Southern Maine to address the following:

1. The efficacy of using this regional adjustment as a means to providing an adequate level of resources for teachers and other school-level personnel under the Essential Programs and Services Funding Act;

2. The efficacy of using this regional adjustment as a means to providing a recruitment and retention incentive for teachers in all school administrative units in the State; and

3. The implications of the reduction in the number of labor market areas in the State on this regional adjustment, including an analysis of the impact of the Department of Labor plan to develop its labor force employment data based on 31 labor market areas in the State compared to the 35 labor market areas previously used for these purposes.

The Commissioner of Education shall report the findings of this review, including any recommended legislation, to the Joint Standing Committee on Education and Cultural Affairs by November 30, 2005. The Joint Standing Committee on Education and Cultural Affairs may introduce a bill related to the report to the Second Regular Session of the 122nd Legislature.

Sec. UU-10. Review of implications of minimum state allocation adjustments for certain school administrative units. The Commissioner of Education shall review the most recent data available related to the implications of the minimum state allocation adjustments enacted pursuant to Public Law 2005, chapter 2 for certain school administrative units whose state share of the school administrative unit's debt service costs were adjusted pursuant to the Maine Revised Statutes, Title 20-A, section 15689, subsection 2. The commissioner shall conduct a comprehensive analysis of the 6 so-called "outlier" school administrative units that may be adversely affected by the minimum state allocation adjustments enacted pursuant to Public Law 2005, chapter 2. The commissioner shall propose potential solutions, including a phase-in approach to resolving the adverse fiscal impact for these school administrative units. The commissioner shall report the findings of this review, including any recommended legislation, to the Joint Standing Committee on Education and Cultural Affairs by November 30, 2005. The Joint Standing Committee on Education and Cultural Affairs may introduce a bill related to the report to the Second Regular Session of the 122nd Legislature.

Sec. UU-11. Review of transportation costs for certain rural schools. The Commissioner of Education shall review the

2 costs defined in the Maine Revised Statutes, Title 20-A, section
15681-A, subsection 3 as the costs pertain to school
4 administrative districts or community school districts that have
more than 1,250 resident pupils, in conjunction with other
6 adjustments and funding increases provided by law to determine an
appropriate level of funding for fiscal year 2006-07 in order for
8 those districts to maintain their current level of transportation
services. The commissioner shall report these findings by
10 November 30, 2005 including any recommended legislation to the
Joint Standing Committee on Education and Cultural Affairs and
12 the Joint Standing Committee on Appropriations and Financial
Affairs.

14 **Sec. UU-12. Application.** This Part applies to school budgets
passed for the fiscal year beginning July 1, 2005, and thereafter.

16 **Sec. UU-13. Effective date.** This Part takes effect July 1,
18 2005.

20
22 **PART VV**

24 **Sec. VV-1. 36 MRSA §2551, sub-§1-A** is enacted to read:

26 1-A. Community support services. "Community support
28 services" means rehabilitative services provided to adults at
30 least 18 years of age or to emancipated children that are
32 provided in the context of a supportive relationship pursuant to
34 an individual support plan that promotes a person's recovery and
36 integration of the person into the community and that sustain the
38 person in that person's current living situation or another
living situation of that person's choice. "Community support
services" include only those services provided by a designated
community support services provider licensed by and operating
under a contract with the Department of Health and Human Services
for such services, whether the provider is reimbursed through
participation in the MaineCare program or with state grant funds.

40 **Sec. VV-2. 36 MRSA §2552, sub-§1, ¶¶F and G,** as enacted by PL
2003, c. 673, Pt. V, §25 and affected by §29, are amended to read:

42 F. The installation, maintenance or repair of
telecommunications equipment; and

44 G. Private nonmedical institution services; and

46 **Sec. VV-3. 36 MRSA §2552, sub-§1, ¶H** is enacted to read:
48

2	DEPARTMENT OF (FORMERLY BDS)		
	DEPARTMENT TOTALS	2005-06	2006-07
4	GENERAL FUND	(\$912,380)	(\$912,380)
	OTHER SPECIAL REVENUE	\$1,400,000	\$1,400,000
6			
	DEPARTMENT TOTAL - ALL FUNDS	\$487,620	\$487,620
8			
	HEALTH AND HUMAN SERVICES,		
10	DEPARTMENT OF (FORMERLY DHS)		
12	Medical Care - Payments to Providers 0147		
14	Initiative: Provides funding for the federal match required from		
16	extending the service provider tax to facilitate MaineCare		
	reimbursement of community support services.		
18	FEDERAL EXPENDITURES FUND	2005-06	2006-07
	All Other	\$912,380	\$912,380
20			
	FEDERAL EXPENDITURES FUND TOTAL	\$912,380	\$912,380
22			
	HEALTH AND HUMAN SERVICES,		
24	DEPARTMENT OF (FORMERLY DHS)		
	DEPARTMENT TOTALS	2005-06	2006-07
26			
	FEDERAL EXPENDITURES FUND	\$912,380	\$912,380
28			
	DEPARTMENT TOTAL - ALL FUNDS	\$912,380	\$912,380
30			
	SECTION TOTALS	2005-06	2006-07
32			
	GENERAL FUND	(\$912,380)	(\$912,380)
34	OTHER SPECIAL REVENUE FUNDS	\$1,400,000	\$1,400,000
	FEDERAL EXPENDITURES FUND	\$912,380	\$912,380
36			
	SECTION TOTAL - ALL FUNDS	\$1,400,000	\$1,400,000

PART WW

40 Sec. WW-1. 20-A MRSA §1305-A, sub-§1, ¶B, as enacted by PL
 42 1999, c. 710, §5, is amended to read:

44 B. Revenue sources:

46 (1) Foundation---allocation Total education costs
 48 appropriated pursuant to section 15690, subsection 1;

2 (2) Debt Non-state-funded debt service allocation
3 costs approved pursuant to section 15690, subsection 2,
4 if any; and

6 (3) Additional local funds, if any, approved pursuant
7 to section 15690, subsection 3, paragraph A or B;

8 **Sec. WW-2. 20-A MRSA §1701-A, sub-§1, ¶B,** as enacted by PL
9 1999, c. 710, §11, is amended to read:

10 B. Revenue sources:

12 (1) ~~Foundation--allocation~~ Total education costs
13 appropriated pursuant to section 15690, subsection 1;

14 (2) Debt Non-state-funded debt service allocation
15 costs approved pursuant to section 15690, subsection 2,
16 if any; and

17 (3) Additional local funds, if any, approved pursuant
18 to section 15690, subsection 3, paragraph A or B;

19 **Sec. WW-3. 20-A MRSA §15671-A, sub-§5, ¶B,** as enacted by PL
20 2005, c. 2, Pt. D, §35 and affected by §§72 and 73, is amended to
21 read:

22 B. In a municipality where the responsibility for final
23 adoption of the school budget is vested by the municipal
24 charter in a council, this paragraph applies, except that
25 the petition and referendum provisions apply only if the
26 municipal charter does not otherwise provide for or prohibit
27 a petition and referendum process with respect to the
28 matters described in this paragraph.

29 (1) A majority of the entire membership of the school
30 board or committee must approve the additional amount
31 in a regular budget meeting.

32 (2) An article approving the additional amount must
33 conform to the requirements of section 15690,
34 subsection 3, paragraph B and be approved by a majority
35 of the entire membership of the council in a vote taken
36 in accordance with section 15690, subsection 5 or, if
37 the council votes not to approve the article, by a
38 majority of voters voting in a referendum called
39 pursuant to subparagraph (4).

40 (3) If an article is approved by the council pursuant
41 to subparagraph (2), the voters may petition for a
42 referendum vote on the same article in accordance with

2 subparagraph (4). If a petition is filed in accordance
with subparagraph (4), the vote of the council is
4 suspended pending the outcome of the referendum vote.
Upon approval of the article by a majority of the
6 voters voting in that referendum, the article takes
effect. If the article is not approved by a majority
8 of the voters voting in that referendum, the article
does not take effect. Subsequent to the vote, the
10 school committee or board may again propose an
additional amount, subject to the requirements of this
section.

12
14 (4) If a written petition, signed by at least 10% of
the number of voters voting in the last gubernatorial
16 election in the municipality, requesting a vote on the
additional amount is submitted to the municipal
18 officers within 30 days of the council's vote pursuant
to subparagraph (2), the article voted on by the
council must be submitted to the legal voters in the
20 next regular election or a special election called for
the purpose. The election must be held within 45 days
22 of the submission of the petition. The election must
be called, advertised and conducted according to the
24 law relating to municipal elections, except that the
registrar of voters is not required to prepare or the
26 clerk to post a new list of voters and absentee ballots
must be prepared and made available at least 14 days
28 prior to the date of the referendum. For the purpose
of registration of voters, the registrar of voters must
30 be in session the secular day preceding the election.
The voters shall indicate by a cross or check mark
32 placed against the word "Yes" or "No" their opinion on
the article. The results must be declared by the
34 municipal officers and entered upon the municipal
records.

36
38 **Sec. WW-4. 20-A MRSA §15672, sub-§30-A, ¶A,** as enacted by PL
2005, c. 2, Pt. D, §36 and affected by §§72 and 73, is amended to
read:

40
42 A. The salary and benefit costs of certified professionals,
assistants and aides or costs of persons contracted to
perform a special education service;

44
46 **Sec. WW-5. 20-A MRSA §15690, sub-§1, ¶¶A and B,** as enacted by
PL 2005, c. 2, Pt. D, §62 and affected by §§72 and 73, are
amended to read:

48
50 A. For a municipal school unit, an article in substantially
the following form must be used when a single municipal

2 school administrative unit is considering the appropriation
of an amount up to its required contribution to the total
4 cost of education as described in section 15688.

6 (1) "Article.....: To see what sum the municipality
will appropriate for the ~~school-administrative-unit's~~
8 ~~contribution--to--the~~ total cost of funding public
education from kindergarten to grade 12 as described in
10 the Essential Programs and Services Funding Act
(Recommend \$.....) and to see what sum the
12 municipality will raise as the municipality's
contribution to the total cost of funding public
14 education from kindergarten to grade 12 as described in
the Essential Programs and Services Funding Act in
16 accordance with the Maine Revised Statutes, Title 20-A,
section 15688. (Recommend \$.....)"

18 (2) The following statement must accompany the article
in subparagraph (1). "Explanation: The school
20 administrative unit's contribution to the total cost of
funding public education from kindergarten to grade 12
22 as described in the Essential Programs and Services
Funding Act is the amount of money determined by state
24 law to be the minimum amount that a municipality must
raise in order to receive the full amount of state
26 dollars."

28 B. For a school administrative district or a community
school district, an article in substantially the following
30 form must be used when the school administrative district or
community school district is considering the appropriation
32 of an amount up to its required contribution to the total
cost of education as described in section 15688.

34 (1) "Article: To see what sum ~~each-municipality~~
36 the district will appropriate for the ~~school~~
~~administrative-unit's-contribution-to-the~~ total cost of
38 funding public education from kindergarten to grade 12
as described in the Essential Programs and Services
40 Funding Act and to see what sum ~~each-municipality~~ the
district will raise and assess as each municipality's
42 contribution to the total cost of funding public
education from kindergarten to grade 12 as described in
44 the Essential Programs and Services Funding Act in
accordance with the Maine Revised Statutes, Title 20-A,
46 section 15688 (~~Recommends~~ Recommend amount set forth
below):

48
50

Total cost	Municipal-local
<u>appropriated (by</u>	<u>contribution</u>

2	municipality):	<u>Total raised</u>
4		<u>(district</u>
6	Town A (\$amount)	<u>assessments by</u>
8	Town B (\$amount)	<u>municipality):</u>
10	Town C (\$amount)	Town A (\$amount)
12	School District	Town B (\$amount)
14	Total <u>Appropriated</u>	Town C (\$amount)
	(\$sum of above)	School District
		Total <u>Raised</u>
		(\$sum of above)"

16 (2) The following statement must accompany the article
 18 in subparagraph (1). "Explanation: The school
 20 administrative unit's contribution to the total cost of
 22 funding public education from kindergarten to grade 12
 24 as described in the Essential Programs and Services
 Funding Act is the amount of money determined by state
 law to be the minimum amount that each municipality the
district must raise and assess in order to receive the
 full amount of state dollars."

26 **Sec. WW-6. 20-A MRSA §15690, sub-§2**, as enacted by PL 2005,
 28 c. 2, Pt. D, §62 and affected by §§72 and 73, is amended to read:

30 **2. Non-state-funded debt service.** For each a school
 32 administrative unit's ~~contribution to debt service~~ indebtedness
 34 previously approved by its legislative body for non-state-funded
 major capital school construction projects or non-state-funded
 portions of major capital school construction projects and minor
 36 capital projects, the legislative body of each school
 administrative unit may vote to raise and appropriate an amount
 up to the municipality's or district's annual payments for
 non-state-funded debt service.

38 A. An article in substantially the following form must be
 40 used when a school administrative unit is considering the
 42 appropriation for debt service allocation for
 non-state-funded school construction projects or
 44 non-state-funded portions of school construction projects
and minor capital projects.

46 (1) "Article: To see what sum the (municipality
 48 or district) will raise and appropriate for the annual
~~debt-service~~ payments on ~~--a-~~ debt service previously
approved by the legislative body for non-state-funded
 50 school construction ~~project-----er~~ projects.

2 non-state-funded ~~partien~~ portions of ---a- school
3 construction ~~prejeet~~ projects and minor capital
4 projects in addition to the funds appropriated as the
5 local share of the school administrative unit's
6 contribution to the total cost of funding public
7 education from kindergarten to grade 12. (Recommend
8 \$......)"

9
10 (2) The following statement must accompany the article
11 in subparagraph (1). "Explanation: Non-state-funded
12 debt service is the amount of money needed for the
13 annual payments on the (municipality's or district's)
14 long-term debt for major capital school construction
15 projects and minor capital renovation projects that is
16 are not approved for state subsidy. The bonding of this
17 long-term debt was previously approved by the voters on
18 ~~{date--of--original--referendum}~~ or other legislative
body."

19 **Sec. WW-7. 20-A MRSA §15690, sub-§3, ¶A**, as enacted by PL
20 2005, c. 2, Pt. D, §62 and affected by §§72 and 73, is amended to
21 read:

22
23 A. If the amount of the additional funds does not result in
24 the unit's exceeding its maximum state and local spending
25 target established pursuant to section 15671-A, subsection
26 4, an article in substantially the following form must be
27 used when a school administrative unit is considering the
28 appropriation of additional local funds:

29
30 (1) "Article: To see what sum the (municipality
31 or district) will raise and to appropriate the sum of
32 (Recommend \$......) in additional local funds for school
33 purposes under the Maine Revised Statutes, Title 20-A,
34 section 15690. (Recommend \$......)"

35
36 (2) The following statement must accompany the article
37 in subparagraph (1). "Explanation: The additional
38 local funds are those locally raised funds over and
39 above the school administrative unit's local
40 contribution to the total cost of funding public
41 education from kindergarten to grade 12 as described in
42 the Essential Programs and Services Funding Act and
43 local amounts raised for the annual debt service
44 payment on previously approved non-state-funded school
45 construction projects ~~or~~ and the non-state-funded
46 portion of -a- school construction ~~prejeet~~ projects and
47 minor capital projects that will help achieve the
48 (municipality's or district's) budget for educational
49 programs."
50

2 Sec. WW-8. 20-A MRSA §15904, sub-§4, ¶C, as enacted by PL
3 1981, c. 693, §§5 and 8, is repealed.

4 Sec. WW-9. 20-A MRSA §15904, sub-§4, ¶E, as amended by PL
5 1985, c. 570, §2, is further amended to read:

6 E. The school administrative unit shall ~~be~~ is responsible
7 for the local share of ~~debt--service--allocation--to--be~~
8 ~~calculated in accordance with state law~~ annual principal and
9 interest payments for this school construction project
10 included in the total cost of education appropriated
11 pursuant to section 15690, subsection 1, if any, and for the
12 annual principal and interest payments for the
13 non-state-funded portion of this school construction project.

14 Sec. WW-10. 30-A MRSA §706-A, sub-§7, as enacted by PL 2005,
15 c. 2, Pt. B, §1 and affected by §§2 and 3, is amended to read:

16 7. **Process for exceeding county assessment limit.** A county
17 may exceed or increase the county assessment limit only if
18 approved by a vote of a majority of all the members of both the
19 county budget committee or county budget advisory committee and
20 the county commissioners.

21 Unless a county charter otherwise provides or prohibits a
22 petition and referendum process, if a written petition, signed by
23 at least 10% of the number of voters voting in the last
24 gubernatorial election in the county, requesting a vote on the
25 question of exceeding the county assessment limit is submitted to
26 the county commissioners within 30 days of the commissioners'
27 vote pursuant to this subsection, the article voted on by the
28 commissioners must be submitted to the legal voters in the next
29 regular election or a special election called for that purpose.
30 The election must be held within 45 days of the submission of the
31 petition. The election must be called, advertised and conducted
32 according to the law relating to municipal elections, except that
33 the registrar of voters is not required to prepare or the clerk
34 to post a new list of voters, the filing requirement contained in
35 section 2528 does not apply and absentee ballots must be prepared
36 and made available at least 14 days prior to the date of the
37 referendum. For the purpose of registration of voters, the
38 registrar of voters must be in session the secular day preceding
39 the election. The voters shall indicate by a cross or check mark
40 placed against the word "Yes" or "No" their opinion on the
41 article. The results must be declared by the county
42 commissioners and entered upon the county records.

COMMITTEE AMENDMENT "A" to H.P. 343, L.D. 468

2 All Other (\$61,167,861) (\$64,532,094)
GENERAL FUND TOTAL (\$61,167,861) (\$64,532,094)

4 **Teacher Retirement 0170**

6 Initiative: Deappropriates funds due to prefunding of the
8 unfunded actuarial liability of teachers' retirement with
proceeds from the Pension Cost Reduction Bond.

10 **GENERAL FUND** 2005-06 2006-07
12 All Other (\$113,316,207) (\$119,548,943)
14 GENERAL FUND TOTAL (\$113,316,207) (\$119,548,943)

16 **EDUCATION, DEPARTMENT OF**
18 **DEPARTMENT TOTALS** 2005-06 2006-07
20 **GENERAL FUND** (\$174,484,068) (\$184,081,037)
22 **DEPARTMENT TOTAL - ALL FUNDS** (\$174,484,068) (\$184,081,037)

24 **Emergency clause.** In view of the emergency cited in the
preamble, this Act takes effect when approved.

26

SUMMARY

28

This amendment does the following.

30

PART A

32

Part A makes appropriations and allocations of funds
34 reflecting current services.

36

PART B

38

Part B makes appropriations and allocations of funds
40 representing reduction proposals or adjustments to current
services.

42

PART C

44

Part C specifies a mill expectation of 8.26 mills for fiscal
46 year 2005-06; the total cost of funding public education from
kindergarten to grade 12, consisting of total operating
48 allocation, total debt service allocation and total adjustments
and miscellaneous costs; and the state and local shares of those
costs.

50

PART D

2 Part D does the following.

4 It clarifies certain provisions of the education funding
6 laws with regard to certification of local adult education
8 program cost adjustment, early childhood education compliance and
10 the Commissioner of Education's authority to pay certain
12 miscellaneous costs related to the laptop program, emergency bus
14 loans and essential programs and services data management and
16 support services.

18 It transfers \$6,194,152 from the General Fund undedicated
20 revenue to the Fund for the Efficient Delivery of Educational
22 Services, Other Special Revenue funds account within the
24 Department of Education in fiscal year 2006-07.

18 PART E

20 Part E delays the increase in state-municipal revenue
22 sharing from 5.1% to 5.2% of sales and income tax revenues from
24 July 1, 2005 to July 1, 2007.

24 PART F

26 Part F authorizes the Maine Governmental Facilities
28 Authority to issue additional securities in an amount up to
30 \$9,000,000 with the proceeds from the sale to be spent on
32 preliminary planning costs and capital repairs and improvements
34 to state-owned facilities and provides for a debt service-related
36 appropriation in fiscal year 2006-07. It also authorizes a debt
38 service balance to carry forward into fiscal year 2005-06 and
40 specified debt service savings to lapse to the unappropriated
42 surplus of the General Fund.

36 PART G

38 Part G does the following.

40 It designates the Department of Administrative and Financial
42 Services as the fiscal agent for the Workers' Compensation Board
44 and the Commission on Governmental Ethics and Election Practices.

44 It requires the Commissioner of Administrative and Financial
46 Services to review the current organizational structure of
48 payroll, personnel and accounting units and identify savings
50 attributable to improvements in organizational efficiency and
cost-effectiveness. The State Budget Officer is required to
transfer those amounts by financial order upon approval by the
Governor. It establishes responsibility in the Commissioner of
Administrative and Financial Services for provision and oversight

2 Part QQ authorizes the Department of Health and Human
Services to engage a private vendor to audit providers located
4 outside the State and base the compensation on a percentage of
the amount of overpayment received by the department.

6 PART RR

8 Part RR authorizes the Department of Health and Human
Services to change the rate for foster board and care paid to
10 unlicensed homes and permit those homes to apply for licensure to
receive a higher reimbursement rate.

12 PART SS

14 Part SS restructures the provision of information and
16 technology services.

18 PART TT

20 Part TT provides that the fee for a retail tobacco license
must be set according to a sliding scale determined by the
22 Department of Health and Human Services according to the relative
size of the licensee.

24 PART UU

26 Part UU does the following.

28 It requires that targeted funds distributed to school
30 administrative units for technology, assessment and the costs of
additional investments in educating children in kindergarten to
32 grade 2 must be provided as targeted allocations.

34 It provides an adjustment in fiscal year 2005-06 for school
administrative units that have more than 15 and fewer than 26
36 limited English proficiency students by providing that the first
15 students will receive a weight of .50 instead of .30 as
38 otherwise required.

40 It provides for an adjustment in fiscal year 2005-06 to the
per-pupil transportation costs that are recognized under the
42 essential programs and services funding formula for school
administrative districts and community school districts that have
44 more than 1,250 resident pupils in the school district by
requiring that the per-pupil transportation costs for these
46 school districts may not be less than 90% of the established
costs for the most recent fiscal year.

48 It provides a transition adjustment in fiscal year 2005-06
50 for small school administrative units with fewer than 500

2 students and establishes that a school administrative unit is
eligible for this transition adjustment if it operates a school
4 and raises the maximum local cost share expectation of at least
8.26 mills.

6 It directs the Commissioner of Education to review the
delivery of educational programs and services in small school
8 administrative units as part of the required review of the Fund
for Efficient Delivery of Educational Services and requires the
10 commissioner to design a grant program to promote the
preservation of cost-effective community schools in small school
12 administrative units in the State.

14 It directs the Maine Education Policy Research Institute to
conduct a review of high-performing and cost-effective small
16 schools in the State and to report its findings and
recommendations, including the characteristics of high-performing
18 and cost-effective small schools, to the Joint Standing Committee
on Education and Cultural Affairs by November 30, 2005.

20 It directs the Commissioner of Education to review the most
22 recent data available related to the costs borne by school
administrative units that are providing services to limited
24 English proficiency students and requires the commissioner to
report the findings of this review, including any recommended
26 legislation, to the Joint Standing Committee on Education and
Cultural Affairs by November 30, 2005.

28 It requires that all school administrative units must
30 receive an allocation of targeted funds for technology,
assessment and kindergarten-to-grade-2 education in fiscal year
32 2005-06 and provides that school administrative units must make
every effort to use these allocations for the targeted purposes
34 for which they were provided. It also provides that school
administrative units may not be penalized for failing to adhere
36 explicitly to the intent of the targeted fund allocations in
fiscal year 2005-06 and further provides that the commissioner
38 must submit provisionally adopted rules related to requirements
for school administrative units related to the allocation of
40 targeted funds.

42 It directs the Commissioner of Education to review the
regional adjustment to the total operating allocation based on
44 salary and benefit costs in regional labor markets and requires
the commissioner to report the findings of this review, including
46 any recommended legislation to alter this regional adjustment for
fiscal year 2006-07, to the Joint Standing Committee on Education
48 and Cultural Affairs by November 30, 2005.

50 It directs the Commissioner of Education to conduct a
comprehensive analysis of the 6 "outlier" school administrative

2 units that may be adversely affected by the minimum state
allocation adjustments enacted pursuant to Public Law 2005,
4 chapter 2, which adjusted the state share of these school
administrative unit's debt service costs that were previously
6 "grandfathered" pursuant to the Maine Revised Statutes, Title
20-A, section 15689, subsection 2 during the 121st Legislature.
8 The commissioner is charged with proposing potential solutions,
including a phase-in approach to resolving the adverse fiscal
10 impact for these school administrative units, and providing a
report on these potential solutions to the Joint Standing
Committee on Education and Cultural Affairs by November 30, 2005.

12
14 It directs the Commissioner of Education to review the
transportation costs as they pertain to school administrative
16 districts or community school districts that have more than 1,250
resident pupils, in conjunction with other adjustments and
18 funding increases provided by law, to determine an appropriate
level of funding for fiscal year 2006-07 in order for those
20 districts to maintain their current level of transportation
services and to report those findings to the Joint Standing
22 Committee on Education and Cultural Affairs and the Joint
Standing Committee on Appropriations and Financial Services by
November 30, 2005.

24 It provides an application section.

26 It provides an effective date for the Part.

28
30 PART VV

32 Part VV expands the service provider tax to apply to
community support services for adults and emancipated children.
34 The additional revenues are transferred to dedicated accounts for
the costs of the tax and to fund previously General Fund costs.
It adjusts appropriations and allocations accordingly.

36
38 PART WW

40 Part WW provides technical changes to provisions of the law
contained in Public Law 2005, chapter 2 and Title 20-A. It
42 provides revisions to local budget articles for local voters to
approve the level of funding that must be revised to meet the
funding requirement of essential programs and services. This
44 Part also includes minor technical revisions to sections in Title
20-A to align statutory language with the new school funding law
46 in Title 20-A, chapter 606-B.

48 PART XX

**Questions Posed to Department of Education by Appropriations and Financial Affairs
Committee and Education and Cultural Affairs Committee**

Reading Recovery

Question # 1. Provide a list of school units with a Reading Recovery program and any increases in state and federal funds they may have received.

Response: A list of schools by Teacher Leader Site is attached. In addition, we have provided 2005-06 subsidy estimates as Item # 1 with the gains and losses for Reading Recovery Units.

Question # 2. Provide a history and status of the MEA contract and a comparison to other state's assessment programs. Where in the budget is the MEA cost? List all funding sources for MEA and Local Assessment.

Response: This information has been provided under separate cover.

Question # 3. Articulate how the Department will work with Orono to maintain the Reading Recovery statewide infrastructure.

Response: The Department will fund the statewide infrastructure.

Committee on Transition

Question # 4. Partner with DHHS, DOL, and DOC; DHHS to address the reduction of funding and the continuation of services.

Response: The Department of Education will continue to Fund its portion and will work with the Committee on Transition to identify alternative funding sources for the remainder.

Question # 5. Didn't the DHHS portion of Part I budget also include a repeal of Title 20-A language regarding the Committee on Transition?

Response: The language has been revised by the Change Order.

General Purpose Aid

Question # 6. Provide more details on \$1,386,817 Professional Services not by State.

Response: Contracts related to *Learning Results* accountability (specifically PSAT and technical assistance with schools) and implementation.

- Question # 7. Can we look at models of effectiveness in school construction?
- Response: Most of the outstanding bonds have been refinanced, which can be done every 10 years. Estimated interest is 5.5% for the projects FY 05 and FY 06.
- Question # 8. Does LD 1 affect flow of Federal Title I funds?
- Response: No. Funds go directly to school.
- Question # 9. Are the MLTI funds within GPA? Detail how to allocate technology targeted funds to districts.
- Response: Yes, within GPA as an adjustment and also as part of targeted funds for learning technology.
- Question # 10. How is the Department going to inform and instruct Superintendents on the development of budgets based on Chapter 2 and all the details of EPS, targeted funds use, etc.
- Response: EFM 46 forms have been sent. Training sessions will be done. FY 06 will be a transition year to help further develop plans. Accountability will not go into effect until FY 07.
- Question # 11. The Attorney General's office is developing legal instructions on raising local funds without state funds. Please report for Work Session.
- Response: We are still working on this.
- Question # 12. Would governing units under EPS need to raise more local funds in FY 05 than FY 04 in order to get the increase?
- Response: No pattern across area units. Revised local funds (8.26 mills) goes up in some cases but will reduce additional local funds raised in those cases with no net effect.
- Question # 13. How are the targeted technology funds distributed?
- Response: State / local distribution through GPA.
- Question # 14. What is the combined cost of state and local assessment?
- Response: This information has been provided under separate cover.

Question # 15. What is the ten-year history of the level of funding for Adult Education?

Response: History below.

010-05A-0364-21 Adult Education

	1995-96	1996-97	1997-98	1998-999	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
All Other	0	0	0	0	78,855	4,461,305	4,714,256	4,890,534	4,977,534	4,977,534
Program Total	0	0	0	0	78,855	4,461,305	4,714,256	4,890,534	4,977,534	4,977,534
Annual % Increase	n/a	n/a	n/a	n/a		5557.61%	5.67%	3.74%	1.78%	0.00%

Question # 16. What is the combined state and local cost for implementation of student assessment?

Response: EPS allocates \$100 per student for student assessment. Other information has been provided under separate cover.

Pre-school Handicapped (CDS System)

Question # 17. How are cost-savings booked?

Response: They will be booked against State general funds.

Question # 18. Shouldn't we make plans first, before we cut funds?

Response: Yes, the Department will develop a detailed plan by November 2005.

Question # 19. Between now and March, when might we get a plan or assurance that you can achieve savings outlined for FY 07?

Response: By early November

Question # 20. When is the Unification Committee Report Due?

Response: January 2006

Question # 21. Can we get a listing of all the administrative positions and salaries from all the CDS sites?

Response: This information has been provided under separate cover.

Question # 22. How are four-year olds folded into the formula for EPS/GPA and does EPS give 1/2 day programs full funding?

Response: If the four-year old program is 10 hours or more per week, it is considered full time. The children are counted in the basic count and as part of the K-2 weighted.

MIS Team

Question # 23. What is being done to replace COBOL and inefficient systems?

Response: 3-year contract to implement MEDMS and move beyond COBOL.

Federal Funds

Question # 24. How much federal funding flows through to SAUs?

Response: Title I for NCLB, Title II for teacher quality, and IDEA – special education

Question # 25. Provide a detailed breakdown of federal funds.

Response: Yes. The Department's budget documents reflect the FY 05 actual grant award totals. The document provided by Ed Karass reflects expenditures from federal grants for fiscal years which includes funds carried forward from prior year. Federal grants are allowed to be spent over a 27 month period, which is way there are funds carried forward. Attached is a list of federal funds we receive.

Question # 26. How much is NCLB under funded?

Response: Federal programs have authorizations and appropriation amounts. While all states have received increases in NCLB programs, particularly Title I, the fully authorized amount has not been appropriated.

Education in Unorganized Territory

Question # 27. Are the costs for the Department to administer the EUT schools paid for with General Funds or Unorganized Territory Funds?

Response: The costs are paid by Unorganized Territory Funds.

Question # 28. What is the enrollment in the EUT schools?

Response: See attached list of each EUT school and its enrollment.

Question # 29. How are the taxes raised to fund the EUT schools?

Response: See attached information on the tax districts.

General

Question # 30. The justification statements in Part B of the Department of Education Biennial Part I Budget for Pre-school Handicapped, Educational Restructuring and Improvements and other accounts are not clear.

Response: They were revised in the Change Package.

A Statement of Values Related to the Provision of Services to Children With Developmental Disabilities and Their Families from the Maine Association for Community Service Providers

Our Goal

That individuals who have severe disabling conditions, can be wage earners, live with as little support as possible, and have friends and go places and do things in the community are no longer idle dreams but are genuine possibilities given modern technology and appropriate levels of support.

For the Family:

As providers of a broad range of services to children with developmental disabilities and their families, we see our role as that of a support system that is designed to provide education, counseling, advocacy, and respite toward the goal of helping families successfully raise their child to adulthood.

For the Child with Disabilities:

To us, success for that child and the family is to have combined the professional and natural supports so that the child may grow to be as independent as possible, productive, socially integrated and happy with his or her life. While the goal “to achieve the maximum of their human potential”, sounds a bit shop worn, the provider community still takes it seriously.

Early Intervention for Child and Family

Child:

It is our belief and our experience that tells us that investment at an early age, starting prenatally if necessary, brings enormous dividends in the future of the child and for society in the long run. The improved functioning of children who have received early intervention costs society less in long term support. This has been identified by many studies that focus on the long term effects of early intervention services.

Family:

Early intervention addresses issues not only for the child who is the focus of our attention but also family. Building confidence and competence in the parent and acceptance by siblings as well as appropriate programming for the child with the special needs are essential.

Our Priority:

We believe that the effective use of early intervention for a total family, including a child (children) with a disability, is a win/win situation for the child, the family and for society.

- For the child it represents early development of ways in which he/she can compensate for the disability, the acquisition of skills that will help to make them more functional for the rest of their lives.
- For the family it represents a level of competence and skill at being loving, effective parents – a competence that can ultimately help to keep that family together. That is obviously better for mom, dad, children and the other family members.
- For society it means an investment at the beginning of life that will cost society less for long term support, and may result in a person who is productive and a taxpayer rather than a tax user. It also allows for families to stay together, avoiding the costs of family deterioration: divorce, abandonment, abuse, neglect and State intervention to provide for the children when the family fails.

Over the past twenty years, Maine has built a combination of support and treatment modalities that have given children with special needs opportunities through early detection, free and appropriate programming and a relatively seamless system for the first five years of life. This commitment by Maine in the early 1980's (Child Development Services), was reinforced by the Federal Child Fund System (1989). Early detection, diagnosis and treatment must be seen as the front line of our services for children with special needs and their families.

Recognizing the importance of early detection and treatment, Maine has long provided a variety of additional services to achieve these goals. Through the predecessors to the Department of Behavioral and Developmental services, as early as the early 70's, in-home training was provided along with the Infant Development Centers that were spread across the State. These efforts were focused on building confidence and competence on the part of the parent so that they would be more effective in parenting, with a secondary goal to remove one of the great stresses in a marriage that is presented by the presence of a child with special needs. It is easier and better to keep a family together than it is to try to put it back together.

In keeping with this philosophy, the State also funded other support services. From the early 90's, Respite Care has been a critical piece of the support system. This program gives a family a trained professional to provide support while primary caregivers get a break. This allows them to come back to provide the best care and support for their child with special needs that most parents want to and are able to give.

As time has gone on, additional supports have been provided such as Flexible funding to help families with expenses that were related to their child/children, Therapeutic Recreation and supplemental support to programs for toddlers, ages 0 – 3.

This growth in service continued through the French and Reisinger Suits, which resulted in the implementation of In-Home Support services and Children's Case Management. This was a step beyond the service coordination offered by Child Development Services.

More recently, in recognizing the importance of parent education, especially for teen and first time parents, the Legislature funded a menu of services with tobacco settlement funds. Home visits, play groups, literacy and recreational programs, as well as information on developmental stages, are provided by home visitors and parent educators.

Overall, while not a perfect system, and one that probably needs a great deal more coordination in order to improve efficiency, we have developed a group of services that are designed to achieve what it is that families have indicated they need: support and education for the families

and treatment and positive interventions for the children that have been identified as in need of services.

The critical part is that the long term positive impact for families and their children is significant and help the child transition to the public schools with less or no special education supports. It helps move that child toward adulthood as a stronger more independent individual that will require less support by specialized services and will have greater opportunities for being employed and productive. That is what our business is all about. We hope that the State will continue to see this as a high priority in meeting the needs of their children and families.

MEMORANDUM

Date: February 14, 2005

To: Joint Standing Committee on Appropriations and Financial Affairs
Joint Standing Committee on Educational Cultural Affairs

From: Richard Farnsworth, Chairman, Children's Services Committee/
Early Intervention Coalition of the Maine Association for Community
Service Providers

Subject: Budget Proposal As Related To Early Intervention Initiative Carried Out
by Child Development Services

=====

I have taken the liberty of submitting, along with this testimony, a Values Statement that has been developed by the many providers of children's services that make up our committee and are also members of the Maine Association for Community Service Providers. I believe that this lays out very clearly where our priorities are in relation to the budget and system redesign issues you are all dealing with this year.

In keeping with our sensitivity to this year's budget situation, I would like to state that we are certainly empathetic. Most providers of services to young children with special needs are faced with similar kinds of issues, although on a much smaller scale, on a regular basis. Trying to balance the books as well as staffing patterns, supplies, consultation, training and all of the other components that make a program whole is a challenge.

Needless to say, one of the programs we find most valuable and offering the greatest potential for identifying children with special needs and getting them the services that will help them to move back into the mainstream of development is Child Development Services. Since their establishment they have done more to reduce the long-term impact of disabilities than probably any other single organization. That should be seen as a credit to Child Development Services, a credit for the many children and families that have benefited from their service and a credit to the State. It is the State who ultimately benefits by reduced special education costs, reduced long term programming costs into adulthood and improved participation of the individual through their ability to be productive, be socially involved and experience quality of life unattainable by previous generations.

One of the little flaws of the CDS system is the same as often experienced by other systems that have evolved over time: They are not perfect. What's more, I believe that if you asked every provider that deals with CDS and every Site Director, they would be able to give you a laundry list of their ideas about how to improve the CDS system all the way from child find through transition to the public schools.

In the process of developing the biennial budget, the Administration has removed a substantial amount of money from the CDS system stating that this could be accomplished by administrative efficiencies and without any risk to the services for the children under their mandate. When pressed on the issue, the Commissioner has indicated that the development of a plan would be managed by several groups that were meeting to address these issues.

While sitting on two of those groups, it is true that the charge to us was to develop a plan to redesign CDS to meet the compliance issues raised by the Federal Office of Special Education Programs. That was the charge.

While the CDS Site Directors/Providers Workgroups has been working on some of these issues for some time, a new Steering Committee was established in September to hurry the process along. That is okay even though there did seem to be some duplication.

It should be pointed out, however, that at no time was there placed on the agenda the issue of saving \$6m+. That not only seemed to have been a hidden agenda but a point of surprise to all of us when it surfaced with the Governor's budget. It should not be a surprise, however, that this revelation has caused a great deal of anxiety in the CDs system that has resulted in an unnecessary distraction from their mission.

The fact that the Administration admits that they do not have a plan to make this happen has created this unstable environment. Telling people that they are on the brink without a plan to rescue them is disconcerting.

Unfortunately, the point that needs to be made is that this is another example of smoke and mirrors budgeting. Two years ago the savings were to be gained by putting all of the sites into public school facilities. This was done without consulting the public schools about space availability, desire to co-habit or cost for doing such (it costs the schools for space also). You can see how that worked. It didn't.

So lets go back to an honest approach to budgeting, one which I believe the citizens of Maine deserve and which any Administration owes the citizens. Do your planning first and then build your budget.

The members of the Maine Association for Community Service Providers believe that this may be the time to restore some of the resources that the Administration has removed but to set some time tables for plans and proposals with specific outcomes.

Radical change, which is what the Administration calls for, is not cheap. There are costs to new ways of doing things that must be considered. It appears to us that it is highly unreasonable to expect these kinds of savings in such a short period of time, especially without a stated vision let alone a plan.

Regardless, it is important to remember that after all is said and done we need to insulate the children and families from any harm. That must be a guideline in the process or we will have all failed.

It's not that there can't be efficiencies in the system and that we are unable to provide the services with a greater level of quality and less cost. It is just that it makes sense to me that the planning process, consistently moved forward with implementation will get you a better result without the negative response we are currently experiencing.

There have been a series of Volvo commercials that states: "First you think and then you build." I think that makes good sense.

CDS SYSTEM BUDGET

Chronology of Work with Constituents

- September 27-28, 2004 First meeting of the Commissioner's Steering Committee facilitated by National Early Childhood Technical Assistance Center (NECTAC) and Northeast Regional Resource Center (NERRC)
- November 3, 2004 Staff from NECTAC attend and facilitate the CDS Site Director/Provider Workgroup
- November 4, 2004 Second Commissioner's Steering Committee with providers attending
- November-January Groups that are working on data consistency, evaluation procedures and service delivery models meet on a regular basis to inform Steering Committee
- January 4-5, 2005 Third Commissioner's Steering Committee including representatives from Behavioral and Developmental Services, MaineCare and school districts.
- January 11, 2005 Conference call with all CDS site directors to inform them of the cuts to CDS in the Governors budget
- January 19, 2005 Meeting of DOE and AAG staff to create Commissioners memo that was widely distributed to the field.
- January 20, 2005 Commissioner's memo distributed to all CDS sites
- January 21, 2005 Commissioner's memo distributed to Maine Advisory Committee for Education of Children with Disabilities
- January 28, 2005 Meeting with all CDS site directors, several Board Chairs and DOE staff to inform them of intent of moving forward together to make needed adjustments.
- February 2, 2005 Commissioner's memo reviewed with Developmental Disabilities Council Education Workgroup
- February 3, 2005 Meeting of all CDS site directors to begin work on four areas of looking at data to inform recommendations of adjustments/efficiency.
- February 7, 2005 Commissioner's memo shared and reviewed with Disability Rights Center
- February 14, 2005 Commissioner's memo reviewed with the Executive Director, Autism Society of Maine
- March 2-3, 2005 Fourth Commissioner's Steering Committee including representatives from Behavioral and Developmental Services, MaineCare and school districts.
- Continuing Requests for strategies of reducing CDS budget with Director/Provider Workgroup, Maine Advisory Council, and Commissioner's Steering Committee.

CDS SYSTEM BUDGET

- I. First, as with other state programs, CDS has been “flat funded” in the proposed biennial budget. The impact:
 - ✓ Adjustment of \$412,000 at the FY05 level in FY 2006
 - ✓ Adjustment of \$800,000 to flat funding at the FY05 level in FY 2007

- II. In addition, there is a proposed reduction from the General Fund Appropriation for the CDS System of \$6.5 million for FY 2007. This latter amount (\$6.5 million) is a target that I believe can be reached through:
 - 1) a thorough review of the CDS system,
 - 2) a reduction in administrative expenses as a result of regionalization and consolidation, and
 - 3) the implementation of alternative service delivery models such as itinerant teaching or interdisciplinary models which may be more cost efficient and yield savings in service delivery.

- III. It is important to consider the context within which this review and refinement of the CDS System is taking place. The reduction of funds in FY 2007 is an explicit recognition of the amount of time necessary to make informed choices that reflect the work of many different organizations.
 - The Essential Programs and Services model is being finalized for implementation in FY’06. Within the model there are weighted funds for early childhood, which may serve to encourage districts to implement programs for four year olds. *These programs can and will provide many benefits. Specifically: 4 year old children with developmental delays and disabilities will have access to a “Free Appropriate Public Education” under the current Federal Rules that govern CDS. Having access to appropriate Early Childhood programs as defined in the EPS model, we can realize greater cost effectiveness while also providing education in inclusive, close to home settings i.e. our schools.*
 - The Early Childhood Task Force has undertaken a year-long examination of the early childhood systems in Maine, including CDS, with the intent to plan a comprehensive early childhood system structure for the State over the next year.
 - The Governor’s Task Force to Create a Seamless Pre-K through Grade Sixteen Systems is developing recommendations.
 - A Steering Committee for CDS has been examining service delivery and compliance issues. In addition, careful consideration of recent changes in the law, including the reauthorization of IDEA and the implementation of the Essential Programs and Services model in the public schools, will be necessary in order to guide these important decisions.

- IV. I have asked CDS Directors to continue to be involved participants in this process, working with Laurie Bertulli and other Department of Education staff in order to ensure the provision of services to children and families in effective and efficient ways in these tight fiscal times.

CDS SYSTEM BUDGET

V. Framework

Proposed Reduction Impact '07

	FY05	FY07
CDS		
Federal 619	2,553,622	2,553,622
State General	18,435,307	11,235,307
Federal Part C	2,194,384	2,194,384
MaineCare		
Chapter 27	10,000,000	10,000,000
OT, PT, ST * Approximate	13,000,000	13,000,000
TOTAL	46,183,313	38,983,313
(Decrease Percentage)		-16%

The proposed reduction in the CDS State General Fund is a 16% reduction of the total 0-5 service delivery budget.

WHO ARE WE SERVING?

Looking at the 3 to 5 year olds Child Count for December 1, 2003

- ✓ **The National Average is 5.8%** (National Early Childhood TA Center, sec. 619 profile, 13th edition, report to Congress)
- ✓ **The State average is 11.1%** (National Early Childhood TA Center, sec. 619 profile, 13th edition, report to Congress)
- ✓ **Maine is the third highest in the Nation**

CDS SYSTEM BUDGET

This chart represents the variances in Child Count growth which merits further explanation.

<i>Child Count Birth to Five (including School Age 5s)</i>	<i>2003 Total</i>	<i>2004 Total</i>	<i>Percentage Increase Over Prior Year</i>
<i>Aroostook</i>	<i>357</i>	<i>361</i>	<i>1.1%</i>
<i>Cumberland</i>	<i>1002</i>	<i>1058</i>	<i>5.6%</i>
<i>Androscoggin</i>	<i>491</i>	<i>539</i>	<i>9.8%</i>
<i>Franklin</i>	<i>146</i>	<i>125</i>	<i>-14.4%</i>
<i>Guide</i>	<i>170</i>	<i>178</i>	<i>4.7%</i>
<i>Hancock</i>	<i>173</i>	<i>181</i>	<i>4.6%</i>
<i>Lincoln</i>	<i>148</i>	<i>142</i>	<i>-4.1%</i>
<i>Knox</i>	<i>197</i>	<i>212</i>	<i>7.6%</i>
<i>Opportunities</i>	<i>334</i>	<i>328</i>	<i>-1.8%</i>
<i>PEDS</i>	<i>384</i>	<i>374</i>	<i>-2.6%</i>
<i>Penobscot</i>	<i>514</i>	<i>489</i>	<i>-4.9%</i>
<i>Search</i>	<i>252</i>	<i>264</i>	<i>4.8%</i>
<i>So. Kennebec</i>	<i>352</i>	<i>418</i>	<i>18.8%</i>
<i>Waldo</i>	<i>169</i>	<i>200</i>	<i>18.3%</i>
<i>Washington</i>	<i>173</i>	<i>174</i>	<i>0.6%</i>
<i>York</i>	<i>891</i>	<i>929</i>	<i>4.3%</i>
<i>Total</i>	<i>5,753</i>	<i>5,972</i>	<i>3.8%</i>

Considerations:

Statewide Child Count Increase is 3.8%

Five Sites Child Count decreased by 4.5%

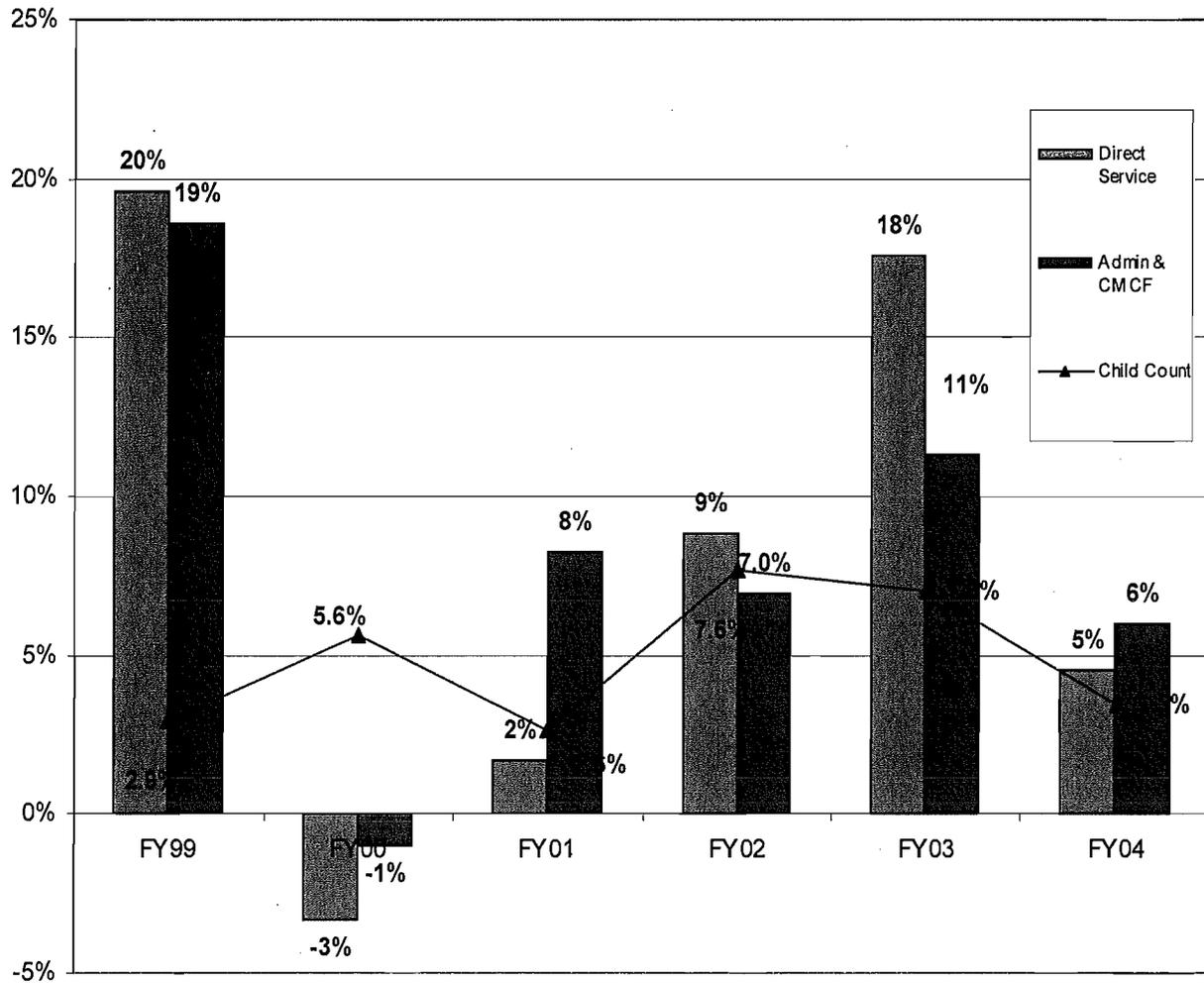
Eleven Sites increased by 6.8%

Four of the Sites were above the average

The range of increase was from .6% through 18.8%

CDS SYSTEM BUDGET

Child Development Services Percentage of Increase by Year



We are continuing to examine the service delivery system for effective and efficient usage of federal and state funds.

Direct Service Costs increased 3.8 million or 36% between FY00 and FY04.

CDS SYSTEM BUDGET

The "Child Count" * growth pattern since FY99 against the Cost Growth Pattern "Child Count"

Fiscal Year	Child Count Growth	Direct Service Growth	Admin/ Case Management Growth
1999	2.90%	20%	19%
2000	5.60%	-3%	-1%
2001	2.60%	2%	8%
2002	7.60%	9%	7%
2003	7%	18%	11%
2004	3.50%	5%	6%

* School age 5's are included even if not receiving Direct Services. This helps to adjust for those who may not have an IFSP.

The initiation of a funding formula in FY 2000, set forth a data based method of funding distribution, which substantially reduced the percentage of expenditure growth for the system, without impacting services to children.

We have the ability to follow guidelines and maintain services at reasonable levels, as demonstrated in FY00 when the funding formula went into effect.

What Drives Costs for Child Development Services? Eligibility and Level of Services Drive our Costs

Developmental Therapy expenditures have increased 60% between FY00 and FY04

Over 50% of the Direct Service increase can be attributed to Developmental Therapy
Developmental Therapy is Special Education or Special Instruction

Speech Therapy expenditures have increased 10% between FY00 and FY04

Over 10% of the Direct Service increase can be attributed to Speech Therapy

Occupational Therapy expenditures have increased 45% between FY00 and FY04

Almost 15% of the Direct Service increase can be attributed to Occupational Therapy

CDS SYSTEM BUDGET

The Change Management Process

1-2 months	(1) Establish the need to change
1-2 months	(2) Develop and disseminate a vision of the change
4-6 months	(3) Diagnose/analyze the current situation
4-6 months	(4) Generate recommendations
4-6 months	(5) Detail recommendations
4-6 months	(6) Pilot test recommendations
4-6 months	(7) Prepare recommendations for rollout
4-6 months	(8) Roll out changes
Ongoing	(9) Measure, reinforce, and refine changes

This process is being utilized by the CDS Site Directors under the guidance of Angela Faherty, Distinguished Educator and Laurie Bertulli, State Director of CDS.

VI. Next Steps

- The Department will review with the CDS State Office staff the areas of service delivery that the CDS Site directors have examined:
 - Eligibility for Developmental Delay that would include a thorough review of the current definition; examination of frequency of services delivered and the actual practice of determining how children qualify
 - Transportation
 - Regionalized evaluation systems across the sites
 - Consistency of service delivery to children
 - Examination of the actual utilization of services
 - Examination of criteria for dismissal

- The Department will review the work on compliance and effective models which the CDS Steering Committee has been discussing.

CDS SYSTEM BUDGET

- Ideas to be examined for achieving an effective, compliant, fiscally responsible system that results in positive outcomes for children and their families:

** Indicates the possible need for statute revision and/or legislative activity.*

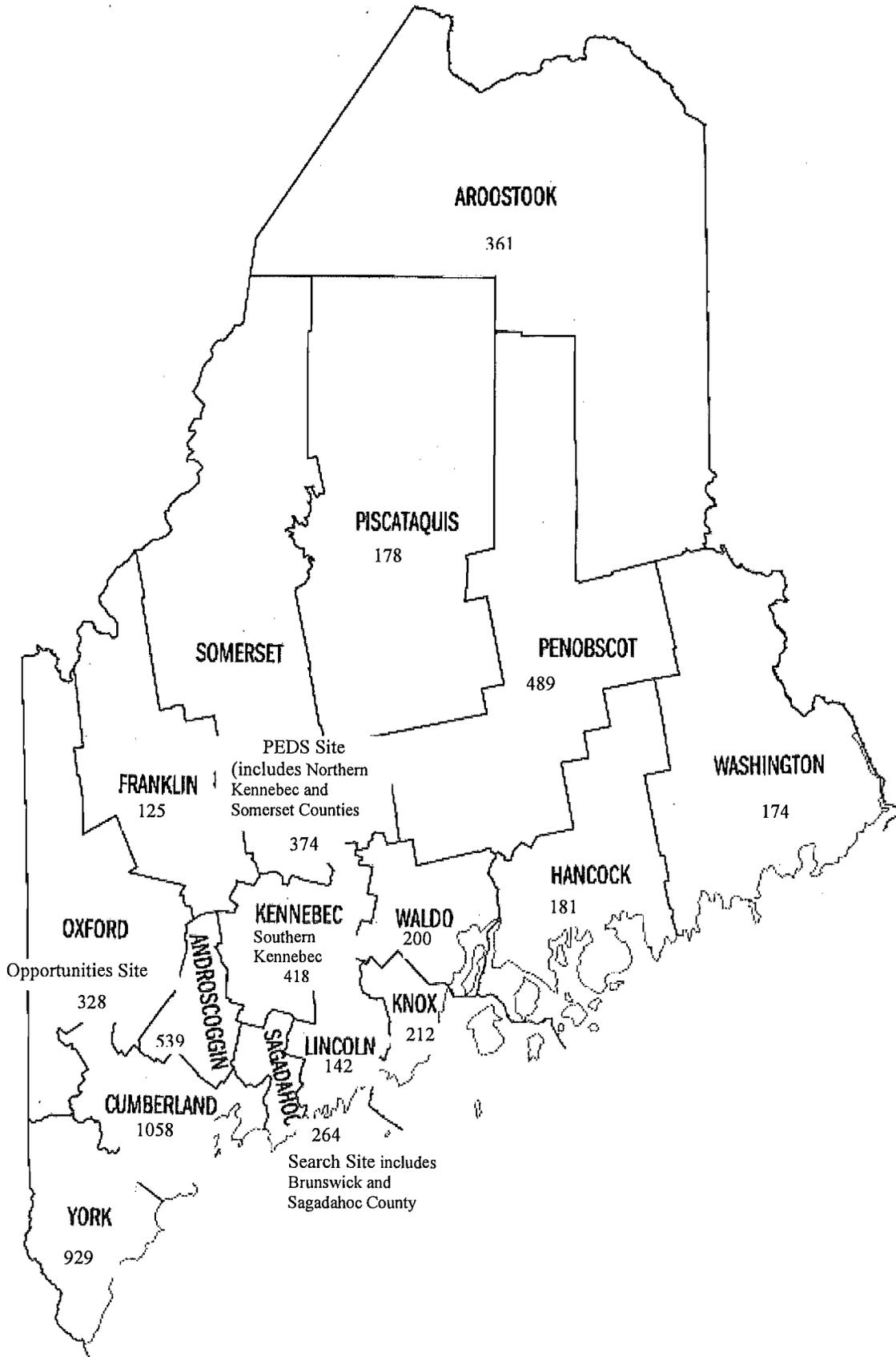
- 1) Investigate the possibility of using the Dirigo Health benefit for CDS employees
- 2) Investigate regional or central billing that would bill for all direct services for all of the sites, including payroll.
- 3) Regionalize and bring “in house” evaluators for related services evaluations (i.e.: Speech, OT, PT, psychological) *
- 4) Require that related service providers have access to and bill private insurance costs that are allowed under Part C and Part B, Sec 619 (careful consideration will need to be made to ensure that the State does not violate the “at no cost” provisions of IDEA).
- 5) Work with the Governor’s Office on Health Care to assure that insurance companies will pay for related services for children with disabilities and to assure that related service providers are able to enroll with these insurance companies (currently a problem in some local areas) *
- 6) Consider discussions with larger health insurance companies to introduce a voluntary Early Intervention benefit (recently done in NH which resulted in a benefit of \$ 3200 per year per child up to a maximum of \$ 9600 for three years not to extend beyond a child’s third birthday) *
- 7) Examine the criteria for eligibility of children who participate in the Part C program, also accomplished in NH and CT in the past two years (to take effect in July 07 or grandparent those current families already in the system)*
- 8) Consider a family cost participation for Part C (many other states including CT, MA and MS have recently enacted this and although it wasn’t easy, once implemented over 90 % of families continue to participate in the Part C program) *
- 9) Determine if benefit package for CDS employees can be served in a more cost efficient way (i.e.: Maine State Retirement system)
- 10) Determine if consolidation of CDS regional sites would be cost efficient and continue to provide local access for families.
- 11) Maine is currently serving 11.18 % of the 3-5 populations in the state. The current average across the country for Part B 619 service is 5.8. We are proud of the fact that we serve many children in our state. However, CDS needs clear direction on whether it should continue to serve high numbers of children and have support from the people of Maine to pay for that, or to reduce our numbers in order to work within the current appropriation. *

CDS SYSTEM BUDGET

- 12) Continue to work with MaineCare to develop methods to pay for services that model service delivery systems generally seen in programs that service typically developing children vs. current practice of fee for service in non inclusive settings. *
- 13) Determine where and when public schools that have quality services for children in early elementary school with disabilities could provide services to children under the age of five in those programs.
- 14) Determine what kinds of funding those public schools could utilize to provide those services.
- 15) Continue to work with the Autism Society of Maine to assure that services provided to children on the Autism Spectrum (the numbers are increasing each year, by 28 % over from '02 to '03) have the access to high quality behavioral and educational services in the most efficient way possible.
- 16) Continue to work on increasing the skill and educational level of those providing Developmental Therapy/Special Instruction to assure that services provided are done so with qualified staff and therefore more effective provision of services.
- 17) Assure that frequency and intensity of services delivered are in the best interest of children.
- 18) Assure that ALL sources of state and federal funding for the birth through five populations are well coordinated, integrated and each agency involved has a working Interagency Agreement with CDS both at the state and local level.

CDS SYSTEM BUDGET

16 Child Developmental Services Sites



Committee Amendment "A" (H-35) was INDEFINITELY POSTPONED.

Representative STEDMAN of Hartland PRESENTED House Amendment "K" (H-58) to Committee Amendment "A" (H-35), which was READ by the Clerk.

The SPEAKER: The Chair recognizes the Representative from Hartland, Representative Stedman.

Representative STEDMAN: Thank you Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. Having sat with the Tax Reform Committee and the Education Committee for the past three months I have become convinced that we have a state government problem with EPS. The Essential Programs and Services plan for education. My reason for presenting this amendment is to highlight the problems that still exist in EPS, which need to be addressed before full implementation can take place responsibly.

If one looks at part UU, pages 304-310 in the budget, it becomes apparent that the EPS program has unresolved issues. Part UU section two is a temporary fix for the limited English proficiency component. Section three is a one-year proposal to deal with inequities in the transportation area. Section four, transition adjustments are being proposed in this section to cover losses due to geographic isolation and small school units. It does not identify the reason as to why those losses were generated by applying the EPS formula. We hear that declining enrolments and rising state valuations are the problems, but most schools, of all sizes, are losing population and many have experienced increased valuations and have still gained in state funding. Section six calls for a report to be generated from a study of high performing and cost effective small schools. Such a study should have been a part of the process in developing the formula, not after the fact. Section seven looks for results of a study of the implementations of schools that offer programs for students with limited English proficiency. Something must be wrong if a study is needed to find out what the matters are with that particular item. Section eight, while the recognition of the higher costs involved with dealing with K-2 students is built into the plan, how to use those funds most wisely is still up in the air. School units will not be penalized if they do not use the dollars as the plan intends, but the units will have to submit a plan to use these targeted funds that will meet the departments approval by January 15th of 2006. Section nine deals with the concept of reasonable adjustments by using labor market area average salary information to reward or penalize systems that are above or below the state average teacher salary. The impact is to be reviewed with the report back in November although the impact will be felt if the plan goes forward at the present time. Section 12 assures that this law does go into effect July 1st of 2005 if this delay is not put in place.

In Part WW this is the part that implements the committee's majority recommendations or changes in the EPS process in response to paper 111 from the other body. All of this section is in my amendments so that all actions will be postponed to the 2006-2007 school year, and after, with a report backdate by the Commissioner no later than November 14th of 2005.

As you can see, much is still unresolved in the essential programs and services model and suggested changes will or could impact where the money will go. A delay will give the Department of Education more time to get it right. My amendment keeps the state investment in education in the budget to be distributed through the old formula one more time. I do not know, nor does anyone else know at this time how the numbers will shake out but I do feel it is imperative to delay the process one more year.

As in previous years when the department has had the discretion to use cushions to soften the effects of losses when applying the old formula, there is no reason to believe that this would not happen again if we were to delay the EPS process another year. If you are worried remember that we are adding millions of new dollars to the education community, which could be used for cushions. So, I ask your support for amendment K.

I do want to address also a paper that was sent around from the good Representatives Goldman and Davis questioning some of the issues that would be affected by the change to one more year of old formula application. There is reference here to the fact that many school systems are now working on their budgets. I will remind you that if you looked on the top of all of those print outs it has always said preliminary report. It has never said that this is the final document on which to make your decisions. So, even now, we are still dealing with preliminary reports even though some people are making decisions at this time.

There is a line that says the process of producing print outs would take from 10 to 12 weeks at least. I have been informed that information may already be available to produce the printouts of the distribution under the old formula, the old 261 reports.

With all of this information I would request that you support Amendment K and Mr. Speaker when a vote is taken I request the yeas and nays.

Representative STEDMAN of Hartland REQUESTED a roll call on the motion to ADOPT House Amendment "K" (H-58) to Committee Amendment "A" (H-35).

More than one-fifth of the members present expressed a desire for a roll call which was ordered.

Representative BRANNIGAN of Portland moved that House Amendment "K" (H-58) to Committee Amendment "A" (H-35) be INDEFINITELY POSTPONED.

The same Representative REQUESTED a roll call on the motion to INDEFINITELY POSTPONE House Amendment "K" (H-58) to Committee Amendment "A" (H-35).

More than one-fifth of the members present expressed a desire for a roll call which was ordered.

The SPEAKER: The Chair recognizes the Representative from Presque Isle, Representative Fischer.

Representative FISCHER: Thank you Mr. Speaker. Mr. Speaker, Men and Women of the House. I respect the amendment by my friend Representative Stedman. I would just tell you that the handout that went around made the case very well about the fact that your districts, just like mine, are almost finished with their budgets and they have used the numbers that we've promised them already. Yes they say preliminary at the top of the sheet, but they are very far down the road. I think it would be very unwise of us to go forward and take numbers out and then give them new numbers this far down the road and so I ask you to vote for the Indefinite Postponement. Thank you.

The SPEAKER: The Chair recognizes the Representative from Winterport, Representative Kaelin.

Representative KAELIN: Thank you Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. I was in a meeting last night at a rural school district and they were absolutely delighted that there was a possibility that we could delay this for a year. Thank you Mr. Speaker.

The SPEAKER: The Chair recognizes the Representative from Cape Elizabeth, Representative Goldman.

Representative GOLDMAN: Thank you Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. I would like to explain the paper that I did send around. As we were reviewing EPS at our Committee hearings the issue of getting a print out based on the old formula was

raised a number of times and each time the commissioner and Jim Ryer, who is in charge of financial operations for the Department of Education, explained that it would be very difficult to use the information that is at hand as it well as possibly needing to get other information in order to go back to the old templates. It is really important to understand that EPS is a zero based budgeting approach and the information that was solicited from districts this year was somewhat different, not only in the forms that were asked for but also in the exact nature of the information and the work that has gone on to prepare the print outs, which always takes months was done in a different way and they kept telling us that if they couldn't even produce that information for satisfying the curiosity of people who understandably, especially if you have lost money, want to know if they would have done better under the old formula. It is a perfectly understandable request, and the Commissioner and Jim Ryer seem to be very willing to do it except that they said it was very labor intensive and they really were not sure how long it would take.

When I realized that this amendment was going to be before us today, or whenever we were discussing it, I felt it was imperative to go back and probe with the commissioner and particularly with Jim Ryer and his people. Well, okay, just what would it take. The information that is on this sheet is from Mr. Ryer. I didn't make it up. It is from him and reviewed by other people that he works with. They are very clear that whatever process they have to use, the normal process of producing the regular and old templates - they tell me that people started in October - we would get our first print outs at the end of December or possibly early January.

What I think is misleading is the idea, that yes of course all these print outs come out with this is not the final number. But the difference between what we were dealing with and what this is, is that in the old formula the templates had already been in place and all we were being told is that you might get this much or that much money. It's a matter like any budget process. When you put a little more money in the line its not hard to run another template. What they keep telling me, and I have probed because I concerned that I wouldn't be misleading you, but they have to build them again. They think it might take longer but they do believe that the estimate that's here is, in fact, reasonable. The issue of the statement that I've made here where all current print outs would be repealed, they have to be repealed, any of us who have dealt with those print outs, there is considerable difference between the information and the way it's calculated from the EPS formula, the zero based budgeting; from the expense driven formula. They are not even sure they have all of the information they would need by the way.

The whole special ed issue, for instance, some communities, my own being one, really the only reason we look like we got money is because of the 100% special ed referendum. That is part of the EPS formula. In the expenditure driven formula special education is a whole different way of adding it up. There is a circuit breaker and so forth and so on.

When I discussed this issue with Mr. Ryer he pointed out of the \$87 to \$90 million, depending exactly on what you add into there, about \$18 million of that is special ed money. If you pull that out of the EPS formula we have to start all over again. He estimates it might be as much as \$25 million for special ed out of that \$87 million.

When you get through taking out that and you start redistributing I realize that people are hoping that it would be building on what they are used to seeing and I'm sure in some cases that might be the case. But what you might also have the effect of doing, of course, is transferring a lot of money, from a lot

of different places. Now we have been listening to concerns and I think they are valid. What Representative Stedman was explaining, are some of the issues that our Committee has tried to deal with, tried to ask the Department to deal with and I believe we made progress and I am quite convinced that more progress can be made, but I think it is important to realize that these things are not scare tactics. I'm not doing this for my constituency, I am doing this because I know what turmoil could happen if every single one of the 285 school administrative districts in this state had to stop where they were and say wait a minute, we may be loosing a million dollars we may be loosing half a million. We may be gaining 25,000. We may be gaining 1,000,000. That is a lot of disruption to budgeting and I just don't think it is a good idea and I hope you will take that very seriously.

As the Commissioner has worked through this process, no district is starting next year with less money than they were getting and I recognize from listening to a lot of concerns that that is not enough to make people feel comfortable and I think we are all committed to continuing with this process but I see this idea as exceedingly disruptive - I'm telling you that after 40 years in the business.

The SPEAKER: The Chair recognizes the Representative from Falmouth, Representative Davis.

Representative DAVIS: Thank you Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. I will make this very short. I agree with the Representative from Cape Elizabeth, who would have payoffs, because school systems are already doing their budgets.

The SPEAKER: A roll call has been ordered. The pending question before the House is Indefinite Postponement of House Amendment "K" (H-58) to Committee Amendment "A" (H-35). All those in favor will vote yes, those opposed will vote no.

ROLL CALL NO. 50

YEA - Adams, Ash, Babbidge, Barstow, Beaudette, Blanchard, Blanchette, Bliss, Brannigan, Brautigam, Brown R, Bryant, Burns, Cain, Canavan, Clark, Craven, Crosby, Cummings, Davis G, Driscoll, Duchesne, Dudley, Dugay, Dunn, Duplessie, Eberle, Eder, Faircloth, Farrington, Finch, Fischer, Fisher, Flood, Gerzofsky, Glynn, Goldman, Grose, Hanley S, Harlow, Hogan, Hotham, Hutton, Jackson, Jennings, Koffman, Lerman, Lundeen, Makas, Marley, Marraché, Mazurek, Miller, Mills, Moody, Norton, O'Brien, Paradis, Patrick, Pelletier-Simpson, Percy, Pery, Pilon, Pineau, Pingree, Piotti, Plummer, Rines, Sampson, Saviello, Schatz, Smith N, Smith W, Thompson, Tuttle, Valentino, Walcott, Watson, Webster, Wheeler, Woodbury, Mr. Speaker.

NAY - Annis, Austin, Berube, Bierman, Bishop, Bowen, Bowles, Browne W, Bryant-Deschenes, Campbell, Carr, Cebra, Churchill, Clough, Collins, Cressey, Crosthwaite, Curley, Curtis, Daigle, Davis K, Duprey, Edgecomb, Emery, Fitts, Fletcher, Greeley, Hall, Hamper, Hanley B, Jacobsen, Jodrey, Joy, Kaelin, Lansley, Lewin, Lindell, Marean, McCormick, McFadden, McKane, McKenney, McLeod, Merrill, Millett, Moore G, Moulton, Muse, Nass, Nutting, Ott, Pinkham, Rector, Richardson D, Richardson E, Richardson M, Richardson W, Robinson, Rosen, Seavey, Sherman, Shields, Stedman, Sykes, Tardy, Thomas, Trahan, Twomey, Vaughan.

Yes, 82; No, 69; Absent, 0; Excused, 0.

82 having voted in the affirmative and 69 voted in the negative, and accordingly House Amendment "K" (H-58) to Committee Amendment "A" (H-35) was INDEFINITELY POSTPONED.

us to have the courage to take the next step and the next and the next, we'll never get there because we'll never do it comprehensively, all at once. Here's another step. Here's another opportunity for us to move forward.

All that being said, the reason why I stand in support of the pending motion is because of what many have said more eloquently than I'll ever be able to. It is the undue burden that borrowing this amount of money places on the people and the future of the State of Maine. It's our responsibility. It's the request of my constituents that we pay for it as we go as best we can. Put the penny on as long as it's going to be used not to grow and expand and continue to expand government. Put the penny on so we can pay for the things that we want and the people want their education paid for at the level of 55%. We're moving in that direction in a reasonable and sound way. This is how we are proposing to pay for it and the rest of the things in this budget.

One final thing. To answer the questions that have been posed with regards to the gentleman that was passing the good Senator from Androscoggin, Senator Nutting, earlier this morning in the parking lot in Portland, or answering the question of those who have received the same comment that makes them uncomfortable to borrow to pay for their groceries then you don't have to and this what you ought to be able to support. This is the more fiscally responsible way to enact our budget. Thank you, Madame President, men and women of the Senate.

THE PRESIDENT: The Chair recognizes the Senator from Somerset, Senator Mills.

Senator MILLS: Madame President and men and women of the Senate, it's late and I rise in the first instance merely to remind the good Senator from Hancock, Senator Damon, that if he favors our proposition, I hope you will vote against the pending motion and trust that he will. I would appreciate his support and I was a little confused for a while.

The transportation piece that is in here was nothing more than the expectations of every single person on the Education Committee that I talked to. It is trivial. It should have been done in the budget. The UAL deduction for teachers, that's the savings we get for making an advance payment out of this \$140 million of borrowing. It's not \$180 million, it's \$140 million and it's capped in this amendment. That's it. It all goes to the UAL, plus another \$10 million, so we make a big payment on it.

There are no Girl Scout Cookies being taxed in here, I assure you. I lived through that and there is no hay being taxed. There is a base closure commission. You know who it is? It's the Taxation Committee with a Ph.D. economist as chair and the good Senator from Bangor as co-chair. They are very capable people. I've worked with them both. I trust them. If we don't put some pressure on that committee, we're going to sit around here until June and get nothing done. If you pass this budget just the way you've written it, you leave me no room to talk about a supplemental or another supplemental, about bonds, about bipartisanship, and about all that juicy stuff we've been discussing this evening. I implore you to vote for this amendment and vote against the motion. Thank you very much.

THE PRESIDENT: The pending question before the Senate is the motion by the Senator from Androscoggin, Senator Rotundo to Indefinitely Postpone Senate Amendment "T" (S-53) to

Committee Amendment "A" (H-35). A Roll Call has been ordered. Is the Senate ready for the question?

The Doorkeepers secured the Chamber.

The Secretary opened the vote.

ROLL CALL (#47)

YEAS: Senators: BRENNAN, BROMLEY, BRYANT, CLUKEY, COURTNEY, DAVIS, DIAMOND, DOW, GAGNON, HASTINGS, HOBBS, MARTIN, MAYO, MITCHELL, NASS, PERRY, PLOWMAN, ROSEN, ROTUNDO, SCHNEIDER, SNOWE-MELLO, SULLIVAN, WESTON, WOODCOCK, THE PRESIDENT - BETH G. EDMONDS

NAYS: Senators: ANDREWS, BARTLETT, COWGER, DAMON, MILLS, NUTTING, RAYE, SAVAGE, STRIMLING, TURNER

25 Senators having voted in the affirmative and 10 Senators having voted in the negative, the motion by Senator ROTUNDO of Androscoggin to INDEFINITELY POSTPONE Senate Amendment "T" (S-53) to Committee Amendment "A" (H-35), PREVAILED.

Senate at Ease.

Senate called to order by the President.

On motion by Senator RAYE of Washington, Senate Amendment "N" (S-40) to Committee Amendment "A" (H-35) READ.

THE PRESIDENT: The Chair recognizes the Senator from Washington, Senator Raye.

Senator RAYE: Thank you, Madame President, men and women of the Senate. This amendment would postpone the essential programs and services formula until July 1, 2006. The EPS formula is divisive. It is discriminatory and undermines the long-standing concept of affording an equal education to children no matter where they live. EPS has exacerbated the two Maine syndromes more than any other issue that I can think of in recent years. This amendment offers an opportunity for us to pause and stop the rush to implement a formula so flawed and ill-conceived that the special committee on Property Tax Reform, the Department of Education, and now the Education Committee have each been forced to cobble together a series of temporary patches and fixes just to get through the first year. I call to the Senate's attention a front-page story that appeared in today's Bangor Daily News where an esteemed dean of business at the University of Maine talked about a study that he had conducted, a review of the EPS funding formula. Essentially, his conclusion is that the formula may look.

THE PRESIDENT: Senator, if you would defer. The use of props is not appropriate. You may proceed without them.

Senator RAYE: Sorry about that. His review indicated that it may look fine as a formula but in practice it is not well suited. 'While EPS,' he states, 'was not designed to control costs, last years voter mandate that the state provide 55% of education expenditures changed its role.' In the words of the good Senator from Waldo, Senator Weston, a former member of the Education Committee, EPS was intended to be all about equity and making sure that every child in Maine gets a good education. Along the line, it was turned on its head by its transformation from an equity model to an efficiency model. Instead of becoming a lever to raise up those less affluent areas where there are fewer resources available to help kids learn, it had become a hammer to punish those same schools because they do not fit the tidy model of an efficient urban school. It makes me wonder where we live. Isn't this Maine? Aren't we primarily a rural state? Don't our small towns matter any more? Have we come to a place where those who represent Maine's larger cities, where rural Mainers go to shop, spend money, and add to the prosperity of cities, now consider the schools that educate rural kids as a needless expense? Do we really want everyone to pack up and move to Bangor or Portland where they can enjoy the benefits that come with the economies of scale?

I want to pause for a moment to say that I do appreciate the efforts of the Education Committee under the leadership of my friend, the Senator from Kennebec, Senator Mitchell, to address, at least in the short term, concerns that many of us have expressed about the impact of EPS. I know that she has made a good faith effort to work within the confines of EPS to help address inequity this year. Despite temporary fixes, I believe that too many flaws and inequities remain. Schools such as those in SAD 37, which received the highest rating in the state for the learning results, falls between the level of 500 students and less that get a little extra help and 1,200 students and more that get a little extra help. While many poor Maine communities raise far more than 8.26 mils for education and face the prospect of cuts in state funding and year two and beyond, other wealthier communities that raise less than 8.26 are already receiving huge increases. I'm not a member of the Education Committee, but I have attended many of their sessions since we sent EPS back to them. Sitting in the back of the room during the past few weeks, I've listened to the presentations that have been made and the problems that have been brought forth by rural schools. As I did with that committee, I would like to share with this body my perspective as one who represents a part of Maine that stands to suffer a harsh and inequitable result from this funding formula. I can sum it up very simply. Our rural schools are valuable. Our kids are valuable and our way of life is valuable. Bigger is not necessarily better. I say this as someone who is the product of a small school myself. There were 54 kids in my high school class at Shead Memorial High School. That was considered a large class. I feel blessed to have had the experience that comes with attending a small school where every kid is known and every kid counts. This formula can only succeed if there is time to rework it, to make it recognize the facts as they exist in a rural state. We are not an urban state where the economies of scale of large urban schools are the norm. We cannot sit idly by and allow this flawed formula to wreak havoc with rural education. Scores of local officials and school officials have laid out for all of us that EPS must be changed and improved to ensure, not only the success of larger schools that are typical of Maine's larger cities, but also the survival and success of smaller schools found in our

rural areas. Both kinds of schools must continue to provide a quality education for our kids. The children of Maine deserve a solid education no matter where they live. That concept has long been a centerpiece of education policy in this state. The rigid and unyielding EPS formula threatens to undermine that valuable concept. It is nothing new that it costs more to provide services in rural areas due to issues surrounding distance, population, higher fuel costs, and the like. I alluded earlier to the two Maines. Policy makers, editorial writers, political observers, and average citizens alike have long decried the notion. This debate, this issue of the EPS formula, offers an opportunity for this legislature to demonstrate that while we are not a one size fits all state like the EPS formula seems to envision, we are one state. We are united by a mutual respect and appreciation for the differences between our cities and our towns.

Before I close, I want to point out that this amendment would provide the same amount of money as currently included for education in the budget. There would be no reductions. It would be distributed under the old formula that we've been living with already and that we would be afforded the opportunity to review the new formula and give it the attention that it deserves given the tremendous impact it will have and come up with the thoughtful changes that will serve all of Maine better in the long run. Who among us could walk into a classroom in any rural town in this state, be it Addison, Greenville, Sedwick, or you name it, look those kids in the eye and explain to them that we are going to proceed with the formula that will further disadvantage their school so we can put more funding into schools and communities that already enjoy tremendous advantages in terms of wealth and opportunity. That is the question before us with this amendment. On behalf of those children, I ask you to support this amendment. Let's stop this runaway freight train before it does real and lasting harm to equality of education in our state. Thank you.

Senator ROTUNDO of Androscoggin moved to INDEFINITELY POSTPONE Senate Amendment "N" (S-40) to Committee Amendment "A" (H-35).

THE PRESIDENT: The Chair recognizes the Senator from Androscoggin, Senator Rotundo.

Senator ROTUNDO: Thank you, Madame President, men and women of the Senate. I'm very concerned that delaying EPS will throw school units into confusion since they are basing their current budget on the EPS model. EPS has been carefully developed over the years. I know when I served on the Education Committee four years ago we spent hours and hours and hours talking about it. Both the Select Committee on Tax Reform and the Education Committee spent numerous hours this session reviewing EPS and its implementation and made a number of accommodations to address the concerns that arose when the printouts came out. Delaying another year, with regards to EPS, I feel is not necessary and will be detrimental to public schools throughout the state. Thank you.

On further motion by same Senator, supported by a Division of one-fifth of the members present and voting, a Roll Call was ordered.

THE PRESIDENT: The Chair recognizes the Senator from Androscoggin, Senator Nutting.

Senator NUTTING: Thank you, Madame President, ladies and gentlemen of the Senate. I rise this evening in support of this amendment and I want to speak briefly and let the members know why. I think with this EPS model we don't have a model left, frankly. The work of the special committee on Tax Reform and the hard work of the Education Committee have so many cushions in it now that I've lost track. We've had cushions before, but never as much as we've had this time. The Education Committee pretty much has abandoned the transportation section of EPS because it was so flawed and could not be explained to the superintendents at the statewide superintendent's meeting. I think the thing that concerns me the most is the fact that we have school funding in Maine, most recently with an amendment put on in the other body the other evening, done without any involvement of the Education Committee in the cabinet room where a special deal was struck to help a certain district. To me, that is not the way you do school funding. I've worked with school funding under Governor Brennan. I've worked on school funding under Governor McKernan. I've worked with school funding under Governor King. I've never ever seen that done before, where one district could be given close to \$300,000 in the cabinet room. We really don't have a model. I'm deeply troubled by that type of deal. I'm deeply troubled by the Joint Select Committee on Tax Reform. The Senator from Somerset, Senator Mills, requested a printout and having the printout done and then they refused to show the printout to anybody. Here again, under Governor Brennan and under Governor McKernan and under Governor King, I've never ever witnessed that before. This is not the way the Administration should be handling school funding. We shouldn't be doing printouts and then deciding not to show them to anybody. We should not be doing special deals for one rural district. What about all the others? I think waiting a year is the right thing to do. That's why I'm glad the Senator from Washington, Senator Raye, has sponsored this amendment and that's briefly why I feel as though I have to support it. Thank you.

THE PRESIDENT: The Chair recognizes the Senator from Aroostook, Senator Martin.

Senator MARTIN: Thank you, Madame President. I'd like, perhaps, for a moment to shed light on the amendment that has just been referred to because the amendment that has been talked about actually, through the rumors in the halls, got my attention as well. When I did some research later today, I found that this was not quite the way the amendment works. The amendment that was worked on, and subsequently just discussed, is actually an amendment that affects the unorganized territory. It does not affect one school district. The way in which the amendment was structured was to provide technical assistance or for technology, I guess I'll put it that way, for the students who are in the unorganized territory. That money will be added to the tuition money presently charged to those students in the unorganized territory. There are 1,200 students, by the way that is the number that we have in the unorganized territory, for which the state pays tuition to school districts wherever they may go. Each child will have that amount of money that will go with them to the school district where they happen to be located. That's the figure that will be allocated, proportionately, based on whether they are K-2, for example, or 3 and above, as I understand it. Subsequently, high school students will get a different amount. That's the technology portion that is built into this present formula that we now have. That money does not

come out of the General Fund. It comes out of the unorganized territory fund and is paid for by the taxpayers in the unorganized territory.

Having said that, I need to add that the old formula that we are moving away from would be a horrible mess to try to go back to. I'm not sure we have enough time to figure out the cushions we would have to provide in order to get there. I'm one of those that understands some of the problems that would occur because we looked at it in our SAD. I happen to serve, at the present time, on a school board. We looked at it and realized we would be in a horrible disadvantage if that were to occur. However, I'm not saying that what we are going into is the best in the world, because I think that still needs to be worked out. I don't want to lay out a scenario here. I think that we've done enough cushions this year to solve the problem. If every get to pay for what the taxpayers asked us for in June, I think we'll work our way out of it. I'm not even sure of that. I will tell you this, having looked at some of the small schools, and we operate in our SAD three small schools of about 100 students in K-8, we fully understand what occurs there but you can't have full time principals under this formula that we are now embarking on and have it come out whole. We don't have full time principals. Some of the small schools do and they ought to look at their funding and the number of personnel. That, I think, they are going to have to do. That will be a problem, but it also means, for the first time, we may be sharing resources within the SADs and among one another. That's all I can really tell you.

THE PRESIDENT: The Chair recognizes the Senator from Androscoggin, Senator Nutting.

Senator NUTTING: Thank you, Madame President, ladies and gentlemen of the Senate. The good Senator from Aroostook, Senator Martin, is correct that this cabinet room deal did save for the unorganized territory the technical support monies that follow the students. My concern, again, was that the Education Committee had no knowledge that this was going on. To me, that's not the way you do business. The rest of the cabinet deal still troubles me. To give this particular representative, who is very hard working and a good friend of mine, a guarantee that unorganized territory students tuition would be calculated at the actual cost rate of where they end up going to school, not the EPS rate, is another issue that was not voted on by the Education Committee. I'm trouble, again, by the way that was handled, without the Education Committee's knowledge.

THE PRESIDENT: The Chair recognizes the Senator from Penobscot, Senator Plowman.

Senator PLOWMAN: Thank you, Madame President, men and women of the Senate. I wish I'd been invited to the cabinet meeting. I would like to have negotiated a deal for some of my students who tuition into some of the high schools in the area. Imagine if we could tuition them in at the actual cost? Everybody knew that my vote wasn't up.

What I'm troubled by with this is that we actually are putting \$250 million, and more, into education. A huge amount of money, and without cushions, districts were losing money under this new plan. To me that doesn't sound equitable. The cushions brought people to the very best position that we could afford, which is that they wouldn't lose money and they would come out revenue neutral, except for transportation costs, increased cost of

personnel, increased cost of insurance, increased cost of gas, increased cost of liability, increased cost of Workers' Comp, increased cost of electricity, and maybe I could go on. The schools that are at revenue neutral are actually falling behind. We did put \$250 million into education. If you don't see the inequity in this, and you think that EPS was better, I would ask you to rethink it. As for the confusion this might cause in districts, I'm sure my districts would gladly be confused for a short amount of time so that we can make it equitable and make a distribution that is equitable for our students. I ask you not to indefinitely postpone this amendment. Thank you.

THE PRESIDENT: The Chair recognizes the Senator from Kennebec, Senator Mitchell.

Senator **MITCHELL:** Thank you, Madame President. Addressing the very legitimate concerns of my good friend, and I do mean that legitimately, the Senator from Washington, Senator Raye, who is indeed the fourteenth member of the Education Committee. I have never seen anyone who struggled more mightily to find consensus, conclusions, and helped our committee in our deliberations as we tried to apply more transition money, if you will, for specific products.

There are a couple of things we need to think about. The old formula does not help you if your valuation is going up and you are losing students. Frankly, both of them recognize less money to schools who have higher valuations and fewer students. That's happening in some rural areas. I would suggest in yours you've seen rapid increases in valuations. We have spent the better part of the day, and weeks, talking about how we have a spending problem in the State of Maine. I think we're about 8th in the country in per pupil cost for students. What EPS is going to allow us to do is to look at what we're spending that money on and make sure we're getting the biggest bang for the buck for the kids. We always talk about too many superintendents, too many of this, and too many that's, and too many things we're spending that perhaps could cut down on. We never really had a magnifying glass that went out there under the old formula to help you see that in town meetings, or at city councilors, or at school boards. We're going to be seeing that now.

I guess I would submit that one reason that it seems so painful to many is that the towns that are feeling the most pain, if you will, even though there are lots of cushions. There are those cushions because we're not funding this at 100%. We're funding it at 84%. If you are receiving 16% less, 16% of 70% of school funding is a whole lot less than if you are a low receiver. So 16% of nothing is nothing, 16% of 60% is a lot. That's why the cushions were put there, to help us get through. I think trying to go back to the old system would take 10 to 12 weeks. No data was collected to even put that together. Realistically speaking, it would be pretty hard to do and then we would never be willing to move forward with this more transparent system, which helps us get a handle on what we're spending to run our schools on the administrative side. Our committee desperately, whether you are from Cape Elizabeth or from Vassalboro, our goal has been to make sure the community schools exists but that the administration gets shared, if you will, and those things that parents and students don't care as much about could be consolidated. Things like the food service, the busing, and those things. It is a work in progress. If we don't start, guess what? The same superintendents who claim they don't understand it now will put off understanding it until later. That's the truth,

because that's human nature. I'm not being critical. You don't know how many late nights I've spent up studying the night before an exam. I think superintendents are the same way. This was manana, manana. It is here and we've given them these, as I've told others, training wheels. You can start out with EPS without much danger in getting seriously hurt. This first year, I do not believe anybody's going to be seriously hurt. I think what you are concerned about is down the road. You mentioned transportation. We haven't given up on transportation. That's to be reported back to us as more information comes in from the schools. We're looking at actual cost per mile. We had a wonderful bill from one of you concerning dead-end runs. I didn't know what that meant. Was it a dead-end street? I assumed they were going down a small street, but obviously it means a town where you can't make a circular route. There are real issues out there, but there are not insurmountable. I agree that change is hard. I'm not sure this is perfect, but I am absolutely sure that old formula is not going to take care of what you really want, what we both really want. I think, if there is anything, the fault lies in that we haven't done a good enough job in educating superintendents and helping them explain it to school boards and to you. That's a big challenge for all of us. I would urge you to vote indefinite postponement. Let us continue our work, in partnership, to make sure that we respect and take care of community schools, whether they are rural or urban. Thank you.

THE PRESIDENT: The pending question before the Senate is the motion by the Senator from Androscoggin, Senator Rotundo to Indefinitely Postpone Senate Amendment "N" (S-40) to Committee Amendment "A" (H-35). A Roll Call has been ordered. Is the Senate ready for the question?

The Doorkeepers secured the Chamber.

The Secretary opened the vote.

ROLL CALL (#48)

YEAS: Senators: **BARTLETT, BRENNAN, BROMLEY, BRYANT, COURTNEY, COWGER, DAMON, DIAMOND, GAGNON, HOBBS, MARTIN, MAYO, MILLS, MITCHELL, PERRY, ROTUNDO, SCHNEIDER, STRIMLING, SULLIVAN, TURNER, THE PRESIDENT - BETH G. EDMONDS**

NAYS: Senators: **ANDREWS, CLUKEY, DAVIS, DOW, HASTINGS, NASS, NUTTING, PLOWMAN, RAYE, ROSEN, SAVAGE, SNOWE-MELLO, WESTON, WOODCOCK**

21 Senators having voted in the affirmative and 14 Senators having voted in the negative, the motion by Senator **ROTUNDO** of Androscoggin to **INDEFINITELY POSTPONE** Senate Amendment "N" (S-40) to Committee Amendment "A" (H-35), **PREVAILED.**

On motion by Senator **SNOWE-MELLO** of Androscoggin, Senate Amendment "B" (S-26) to Committee Amendment "A" (H-35) **READ.**

THE PRESIDENT: The Chair recognizes the Senator from Androscoggin, Senator Snowe-Mello.